

CO15-1 | **Docket CP06-459-000; Phoenix Expansion – Transwestern Gas Pipeline** – On Thursday, May 24, 2007, we read an article in the ‘Buckeye Sun’ relating that “the Buckeye Town Council had unanimously approved a resolution calling for a federal agency to consider an alternate route for a natural gas pipeline rather than the proposed route that would pass through several master-planned communities west of the White Tanks Mountains.” The article did not show a map, but when describing the alternate route, it indicated that it would follow “an approved transmission line which runs east-west along the Central Arizona Project canal in an open unpopulated desert, then south toward the Palo Verde Nuclear Power Plant”. (PVNGS)

This concerned us when reading the article, for it sounded very much as though they were describing a route across our Tonopah Valley, and did not indicate at what location they wanted to route it south to the PVNGS. The article also indicated that the Federal Energy Regulatory Commission would be holding a public hearing on Transwestern’s draft Environmental Impact Statement on the company’s proposed route through Buckeye on Wednesday, June 6, at 7 p.m., in the Buckeye Community Center, 201 Centre Avenue.

On Monday, June 4, 2007, another article about the pipeline appeared on the front page of the ‘AZ Republic’ Business Section, which showed a map of the proposed and alternate routes, and indeed did bear out the fact that their alternate route was being planned by Buckeye and others to cross our valley. However, in those articles or others to follow, there has never been a mention of Tonopah or the Tonopah Valley – it is only referred to as the “alternate east-west route” – so it did not signal concern to ones in our valley that were not paying close attention to the articles.

I decided to attend the public hearing on June 6th in Buckeye to see what was really taking place on this issue, and sat through numerous speakers’ extensive comments as to why the pipeline should not be placed down the Sun Valley Parkway, but should instead be placed in the “alternate east-west” route. The comments and newspaper articles portrayed that this alternate route was in an open area with little or no planned development around it. The map being displayed was showing primarily only four distinguishable proposed Development Master Plans west of the Hassayampa River: Douglas Ranch DMP (also part of Buckeye & spoke in opposition to the change), the Belmont DMP, Hassayampa Ranch DMP, and 339th Avenue/I-10 DMP (which we understand has recently been renamed the Hidden Valley DMP), all in our Tonopah Valley. Along with these, some minor roads, unimpressive agricultural and residential areas were shown with much open area, as though there was little to be affected here now or in the future. The comments at the meeting also failed to mention (at least not that I heard) that the planned pipeline route down the Sun Valley Parkway is to be located in an existing 500 kV power line corridor where the power line already exists. This gas pipeline plan has been “in the works” for 2 or 3 years, so the Town of Buckeye, the developers and builders should have been well aware that it was being planned in that area, so it seems they could have altered their development plans to build away from that pipeline if they were concerned about homes being located near it.

After looking at the map being displayed at the hearing, I could see that none of the other proposed Development Master Plans (DMPs), Comprehensive Plan Amendments (CPAs), and areas of other future development types in our valley were shown on the map, or at least not distinguishable as such if any were shown, and I felt that this portrayed an incorrect picture to people as just being an open, uninhabited, unplanned area through much of our valley.

Companies and Organizations

CO15-1 The TVA comments pertaining to proposed development in Tonopah Valley are noted. Additional discussion of development plans in Tonopah Valley has been included in section 3.4.2.5.

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CO15-1 (cont'd) | In reality, there are 10 or 12 proposed Development Master Plans, plus 2 or 3 Comprehensive Plan Amendments for the Tonopah Valley that are currently going through the approval system at Maricopa County. Other forms of development also continue to make application at the county to locate in our area. There are also several unsubdivided sub-divisions of 36- and 40-acre parcels that have been sold to individuals, many of which have already been split several times and resold in smaller parcels...some down to 1- or 1.25-acre lots. Also there are several existing approved sub-divisions of approximately 1-acre parcels located in our valley. Some homes have been, and are being, built on both the unsubdivided sub-divisions and the one-acre sub-divisions. Future building is also planned for them by builders and individuals. Some of these properties lie along the Central Arizona Project canal.

CO15-2 | One of the things that concerns us the most is that no one bothered to contact the community leaders in our Tonopah Valley to discuss or inform us of this attempt to move the gas pipeline to our area rather than down the Sun Valley Parkway in Buckeye. It was apparent at the public hearing of June 6th that the Town of Buckeye had found sufficient time to contact people to get support from Congressional, Legislative, Palo Verde School District, several developers, attorneys, Buckeye Mayor and Council, Public Works Department, Buckeye Fire Department, local Buckeye residents and others; as well as the Towns or Cities of Avondale, Goodyear, Litchfield Park, Surprise, and Tolleson to each also vote in a resolution to support Buckeye in its efforts to have Transwestern move the gas pipeline route from the Sun Valley Parkway to the "alternate east-west" route, (again not identifying it by name as crossing our Tonopah Valley), and yet, with no contact to us. When again following the news, we find that the Avondale Council did indeed vote in a resolution this past Monday evening, June 11th, to support Buckeye on this request, to return a favor to Buckeye for an earlier show of support by Buckeye to them on another issue.

We are wondering and disappointed as to why Buckeye officials found the time to contact all of these people and could not contact our area and say, "We feel that this route is not a good one for us down the Sun Valley Parkway, but we see what we think is a viable route across the north side of the Central Arizona Project canal, could we sit down and talk about it? Could we tell you why we think it is a better route and why it is a viable route, and get your input on it? Could you enlighten us on what development is being planned for your area or what effect you feel the line would have on your valley for current and future planning?" We were never given that courtesy by them or others!

CO15-3 | We have already had to get involved in past years, since the PVNGS was constructed in our Tonopah Valley, to have to address other problems as a result of its location here, such as an acceptable alignment of the Southern California Edison 500 kV line from PVNGS to Devers Substation in California; as well as other power lines; fighting annexation by Buckeye of the effluent pipeline from the 91st Avenue Sewage Plant near Tolleson to the PVNGS, also the annexation of the PVNGS itself by them; as well as several ideas of Buckeye desiring to annex and/or plan areas of our Tonopah Valley; and much effort by our group and the local School District to get the Freeway Interchange built at 379th Avenue (Wintersburg Road) and Interstate 10 to move the traffic to and from the PVNGS onto I-10, to name a few items of concern.

CO15-2 The TVA's comments expressing disappointment with the Town of Buckeye are noted.

CO15-3 The TVA's comments expressing concern that adoption of either Buckeye Alternative would result in trading impacts from one area (Buckeye) to another (TVA) are noted.

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CO15-3 (cont'd) | Although we can empathize with Buckeye not wanting the gas pipeline to go down an area of current and planned development, we are concerned about trading one area for another that would also be impacted by the pipeline. Also, we understand that the pipeline route's destination is to be near the Coolidge, AZ area. It doesn't seem prudent to build a pipeline many miles west, then south to the PVNGS, then back east to go south to Coolidge. By doing so would not only increase the cost of the pipeline, but also would almost encircle our valley with the pipeline, which could be a detriment when the construction of a considerable number of parkways and a new major North-South Hassayampa Freeway being planned for our area by the Maricopa Association of Governments and various Highway Departments, would have to cross the pipeline in all directions as it would connect our valley to other areas.

CO15-4 | As I listened to all of the comments given at the June 6th public hearing in favor of Buckeye's recently-suggested new alternate route, I finally felt that I had to say something in our defense and to let people know that the map they were viewing to make that choice of support to push it on the new "east-west alternate" route was not correct, and did not portray a true picture to people, if that is what they were using to base their choice and support on. It also seemed very ironic to us that after this planned route had been proposed and in place for the past 2 or 3 years, that at this late date -- just before the Final EIS Draft is to be released and construction is to start by Transwestern -- that Buckeye should now request that this be changed to an alternate route, impacting us, without our knowledge.

CO15-5 | I, as Projects Director for our landowners association of 31 years, have supplied some maps and information to Transwestern, at their request, showing some of the other Development Master Plans, Comprehensive Plan Amendments, and other areas for development. Because we do not have a way to reduce the size of the maps to scan for transmitting to you, Transwestern reps have indicated that they would furnish them to you for us. Our association is a membership organization consisting of several hundred members, and also representing others by request.

CO15-6 | We appreciate this opportunity for input on this issue. As expressed earlier in this letter, it would have been nice if Buckeye or others had extended the courtesy to us to share with us the details of the study they indicate that they have undergone on the "alternate east-west" route so that we could determine the intensity of the impact that it may have on us and our valley. It is disappointing to us since we have considered as "friends and neighbors", several of the ones involved, being nearby communities.

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DMH/

CO15-4 The TVA's comments regarding the Town of Buckeye's apparent late objection to the proposed alignment are noted.

CO15-5 Additional information based on the maps provided by the TVA has been included in section 3.4.2.5.

CO15-6 The TVA's comments expressing disappointment with the Town of Buckeye are noted.

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FINAL ENVIRONMENTAL IMPACT STATEMENT FOR THE
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UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

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

SUPPLEMENTAL COMMENTS OF WVSU HOLDINGS, L.L.C.
ON DRAFT ENVIRONMENTAL IMPACT STATEMENT

WVSU Holdings, L.L.C. ("WVSU") hereby submits the following comments on the Draft Environmental Impact Statement ("DEIS") that was filed in this proceeding on April 27, 2007.¹ These comments supplement the *Comments of H. Pike Oliver on Transwestern Pipeline's Proposed Phoenix Expansion Project Draft Environmental Statement (DEIS)* and the *Comments of Jerry Witt on Transwestern Pipeline's Proposed Phoenix Expansion Project Draft Environmental Statement*, which were presented at the public meetings held on June 6 and 7, 2007, respectively, and filed in this proceeding on June 13, 2007.

INTRODUCTION

CO16-1

On September 15, 2006, Transwestern Pipeline Company, LLC ("Transwestern") filed an application for a Certificate of Public Convenience and Necessity to construct a natural gas pipeline (the "Phoenix Lateral"), running 259 miles from rural Yavapai County, Arizona into the rapidly-growing Phoenix metropolitan area. Transwestern's proposed route for the Phoenix Pipeline ("Proposed Route") cuts through no fewer than

¹ WVSU holds ownership interests in the Sun Valley Community Villages, a large master planned development that will be traversed by the Phoenix Lateral if the Proposed Route is adopted. In addition, WVSU is authorized to act as agent and representative for the following affiliated entities, which own properties affected by the pipeline under the preferred alignment: Rezzonico Ranches, L.L.C., Vanderbilt Farms, L.L.C., Irvine Land Partners, L.L.C., ABCDW, L.L.C., and BADC, L.L.C. See *Supplemental Statement of Interests of WVSU Holdings, L.L.C.*, filed in this proceeding on May 30, 2007.

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CO16-1

The draft EIS was prepared in accordance with NEPA, CEQ guidelines, and other applicable requirements. The draft EIS is comprehensive and thorough in its identification and evaluation of the environmental impacts of the proposed project and feasible mitigation measures to reduce those effects wherever possible. The draft EIS includes sufficient detail to enable the reader to understand and consider the issues raised by the proposed project and addresses a reasonable range of alternatives.

The draft EIS identifies planned developments along the proposed pipeline route in section 4.7.3.2 and addresses the impacts that the project could have on these development plans. The draft EIS considered alternatives in the Buckeye area but found none preferable to the proposed route.

The proposed route filed by Transwestern on September 15, 2006 was the result of the FERC's Pre-Filing Process that involved input from the federal cooperating agencies, state agencies, local governments, and significant public participation through various notifications, open houses, and scoping meetings. The FERC's Pre-Filing Process is intended to resolve significant routing issues prior to an applicant submitting a formal application.

CO16-1
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36 master planned developments, some of which are among the largest master planned developments in the country. According to the Maricopa Association of Governments, the build-out population of these communities will be more than 2.2 million.

On April 27, 2007, the staff of the Federal Energy Regulatory Commission ("FERC") issued the DEIS for the Phoenix Lateral. Given the anticipated growth in the communities along the Proposed Route and the extraordinary commitment of state and local governments and the private sector to plan for that growth, one would expect that the DEIS would demonstrate particular sensitivity to the adverse impacts of the Phoenix Lateral on these communities and would rigorously examine alternatives that could minimize or avoid those impacts. That is not the case. With few exceptions, the DEIS simply adopts the Proposed Route as the preferred alternative without engaging in the "hard look" type of analysis required by the National Environmental Policy Act ("NEPA").²

CO16-2

Factual and analytical integrity is the hallmark of an effective NEPA process. NEPA requires reasoned, careful, and thorough analysis of the environmental impacts of a proposed project. Information contained in an environmental impact statement must be "of high quality"³ and reflect a "full and fair" discussion of significant impacts of a proposed federal action.⁴ Indeed, an agency has the legal obligation to "insure the professional integrity" of the discussions and analyses contained in environmental impact

² NEPA §102, 42 U.S.C. §4332. *Kleppe v. Sierra Club*, 427 U.S. 390, 410 n. 21, 96 S. Ct. 2718, 2730 n. 21, 49 L. Ed. 2d 576, 590 n. 21 (1976).

³ 40 C.F.R. §1500.1(b).

⁴ 40 C.F.R. §1502.1.

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CO16-2 See the responses to comments PM3-2, PM3-3, and PM3-12.

CO16-2
(cont'd)

statements.⁵ An agency cannot rely on incorrect assumptions or data contained in an environmental impact statement and expect its decision to pass legal muster.⁶

The DEIS does not demonstrate the high quality required by NEPA to provide a full and fair discussion of the significant impacts of the Phoenix Lateral and to inform FERC and the public of the reasonable alternatives that are available to avoid such impacts. In its previously filed public meeting comments, WVSU pointed out many deficiencies in the DEIS. In addition, WVSU has compiled a detailed list of errors, omissions, and inconsistencies, which is contained in Attachment "A" hereto. These documents, along with the following supplemental comments, demonstrate that:

- The DEIS is riddled with factual inaccuracies.
- The DEIS omits critical details and analyses.
- The DEIS disregards the results of lengthy and extensive local planning processes.
- The DEIS merely accepts information provided by Transwestern on its face without subjecting it to careful scrutiny.
- The DEIS gives short shrift to reasonable alternatives that would minimize the project's environmental impacts.

In short, the DEIS is woefully inadequate and does not provide FERC a reliable basis for issuing a Certificate of Public Convenience and Necessity for this project. This inadequacy cannot be corrected by responding to the individual comments raised by WVSU and other parties and then moving ahead to the issuance of a final environmental impact statement. Indeed, given the DEIS's significant errors and omissions, as well as

⁵ 40 C.F.R. §1502.24.

⁶ *Native Ecosystems Council v. U.S. Forest Service*, 418 F. 3d 953, 964 (9th Cir. 2005) (Use of an erroneous denominator in a calculation prevented a full and fair discussion of the potential effects of a project and did not inform decisionmakers and the public of the reasonable alternatives that would avoid or minimize adverse impacts of a proposed project.)

CO16-2
(cont'd)

the large amount of supplemental data that it requests interested parties to provide, it is inconceivable that parties would not be given an additional opportunity to comment before the final environmental impact statement is issued.⁷ Only in this way will the environmental review process in this proceeding satisfy NEPA's requirements and thereby provide FERC a solid record to support its decision on Transwestern's application.

BACKGROUND

As noted throughout the various documents WVSU has submitted to date, the DEIS contains a substantial quantity of inaccurate and incomplete information about the WVSU-related developments along the Proposed Route. WVSU therefore submits the following information in response to the DEIS's invitation to developers to submit supplemental information about approved and proposed developments within 0.25 mile of the Proposed Route:⁸

A. Sun Valley Community Villages (between Mileposts 137 and 145).

CO16-3

The Sun Valley Community Villages master planned community ("Sun Valley") covers approximately 12,000 acres in the Town of Buckeye and is composed of Village I (3,036 acres), Village II (2,733 acres), Village III (2,216), and Village IV (3,882 acres). At full build out, Sun Valley will be home to an estimated 85,000 persons, as well as numerous businesses.

⁷ See 40 C.F.R. §1502.9(a) ("If a draft statement is so inadequate as to preclude meaningful analysis, the agency shall prepare and circulate a revised draft of the appropriate portion."). In the alternative, the FERC staff could prepare a supplemental draft environmental impact statement on the basis of new information "relevant to environmental concerns and bearing on the proposed action or its impacts." 40 C.F.R. §1502.9(e)(1).

⁸ DEIS §4.7.3.2, §4-141.

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CO16-3 Section 3.4.2.5 has been revised to include additional information regarding planned development in the Buckeye area.

CO16-3
(cont'd)

The Proposed Route traverses Sun Valley for 7.2 miles. Approximately 1,226 acres of Sun Valley lie within one quarter mile on either side of the Proposed Route. Over 7,000 dwelling units will be located within this area, in which a total of 20,000 Sun Valley residents will live.

The quarter mile area also contains six sites for elementary/middle schools and two sites for high schools. Two of the elementary school sites and one of the high school sites directly abut the Proposed Route.

Approximately 150 acres within the quarter mile area is dedicated to business parks, with 127 acres being designated for light industrial use, 123 acres being designated for commercial development, and 84 acres being designated for a commerce park (offices and retail uses). Under the approved master plan, senior citizen facilities are allowed to be constructed on both commercial and residential-zoned property.

Sun Valley's master plan indicates that utility lines will cross the Proposed Route at least 58 times: potable water (10 crossings), sewer (6 crossings), reclaimed water (7 crossings), and "dry" utilities (electrical, telephone, cable, and fiber optic lines) (35 crossings). These utilities are scheduled to be installed after the Phoenix Lateral's construction.

B. Midway Planned Area Development (between Mileposts 221 and 224).

CO16-4

The Midway Planned Area Development ("Midway") is a master planned community of 5,161.4 acres in Pinal County. At full build-out, Midway will be home to approximately 38,000 persons and numerous businesses.

The Proposed Route runs approximately 2.3 miles through the middle of Midway. Three elementary school sites will be located within one quarter mile of the Proposed

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CO16-4 See the response to comment CO7-3 regarding the Midway project.

CO16-4 (cont'd) Route, along with 2,137 residences and the Village Core business area. One school site and 236 residences abut the Proposed Route.

C. Enterprise Ranch Development (between Mileposts 174.3 and 174.6).

CO16-5 The Enterprise Ranch Development ("Enterprise Ranch") is a planned residential community of 3,460 acres located in Maricopa County. The Proposed Route runs approximately one-half mile through Enterprise Ranch. About 120 residences are located within one quarter mile of the Proposed Route.

D. Elaine Farms (between Mileposts 241 and 242).

CO16-6 Elaine Farms is a planned residential community consisting of 532 lots located in the City of Casa Grande. The Proposed Route runs for about one mile in a corridor that is approximately 400 feet from the development's northern boundary. There are 272 lots located within one quarter mile of the centerline of the proposed pipeline.

COMMENTS

I.

THE DEIS FAILS TO RECONCILE INCONSISTENCIES BETWEEN THE PROPOSED ROUTE AND MUNICIPAL PLANS AND LEGAL REQUIREMENTS

CO16-7 Although the DEIS notes that the Proposed Route would cut through 36 planned communities in the Phoenix metropolitan area, it fails to fully appreciate the fact that these communities are the result of extensive planning processes at the municipal level. In many cases, community land use plans have been adopted by municipal ordinance, with changes being prohibited without the mutual consent of the municipality and the developer.

For example, the area plan for Sun Valley was adopted by the Town of Buckeye in 1996 as the culmination of years of planning and negotiation. To this day, the Sun

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CO16-5 Table 4.7.3-2 has been revised to include the Enterprise Ranch project and a discussion of the Enterprise Ranch project has been included in section 3.6.

CO16-6 See the response to comment CO7-4 regarding the Elaine Farms project.

CO16-7 Section 3.4.2.5 recognizes that numerous developments and master planned communities have been approved for construction along the proposed route of the Phoenix Lateral through the Buckeye area and analyzes the potential impacts that the proposed project would have on planned developments in the area.

CO16-7
(cont'd)

Valley Area Plan remains a viable and integral part of the Town of Buckeye's General Plan.⁹ Plans and zoning for Midway, which is owned by a WVSU affiliate, were approved in three separate actions by the Pinal County Board of Supervisors between 1998 and 2003. Zoning and a preliminary plat for the Elaine Farms development were approved by the City of Casa Grande in 2005 and the plat for the final stage of processing has been submitted.

The DEIS's failure to acknowledge, let alone carefully analyze, the results of these local planning processes flies in the face of NEPA regulations, which mandate a thorough analysis of the impact of a proposed project on state and local planning processes:

To better integrate environmental impact statements into State or local planning processes, statements shall discuss any inconsistency of a proposed action with any approved State or local plan and laws (whether or not federally sanctioned). Where an inconsistency exists, the statement should describe the extent to which the agency would reconcile its proposed action with the plan or law.

40 C.F.R. §1506.2(d).

The DEIS recognizes that the information filed by Transwestern regarding approved or pending developments may be "incomplete or inadequate" and apparently accepts Transwestern's explanation that the "discrepancies" (inconsistencies) between the Proposed Route and approved municipal land use plans are due to the "rapid pace of development in some areas and the process by which property is assembled for potential development."¹⁰ Transwestern's justification is totally inadequate, given the fact that the land use plans for developments by WVSU and its affiliates have been part of overall municipal plans for several years.

⁹ See Attachment 5 to WVSU's Letter to FERC dated March 30, 2007.

¹⁰ DEIS §4.7.3.2, p. 4-141.

CO16-8 Even so, the existence of “discrepancies” at this stage of the NEPA process really points out the failure of a consultation process at the municipal level that was fundamentally flawed from the earliest stages of scoping.¹¹ Amazingly, FERC staff did not meet with officials of the Town of Buckeye until eight months after the initial public information and scoping meetings and three months after Transwestern filed its application, even though approximately 28 miles of the Proposed Route runs through

CO16-9 Buckeye’s planned communities.¹² Repeated requests for information by municipalities and developers as to route location and the alternatives under consideration in preparation of the DEIS encountered nothing but stony silence from Transwestern, followed in some (but certainly not all) instances by a begrudging disclosure of part of the information requested. The fact that the Town of Buckeye filed a motion to withdraw the DEIS on the basis that it “did not have a part in the compilation of the EIS,” is a clear indication that the procedure of preparing the DEIS did not integrate the Phoenix Lateral into local planning processes, in contravention of NEPA regulations.¹³ This is hardly the way to achieve a “full and fair” discussion of the potential environmental effects of the project.

The DEIS tries to make up for the inadequacy of the consultative process by inviting local planning authorities, developers, and other stakeholders to file supplemental information about “approved and proposed developments within 0.25 mile of the proposed project facilities.”¹⁴ In other words, having been put on notice that there are significant inconsistencies between the Proposed Route and municipally-approved

¹¹ A detailed description of the inadequate and ineffective scoping and consultation process is contained at page 3 of WVS’s letter to FERC dated March 30, 2007.

¹² DEIS §1.3, p. 1-7.

¹³ See *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, p. 17.

¹⁴ DEIS §4.7.3.2, p. 4-141.

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CO16-8 See the response to comment PM3-1.

CO16-9 See the responses to comment PM3-1 regarding the public notice process and comment PM3-3 regarding the Town of Buckeye’s request to withdraw the draft EIS or extend the 45-day public comment period on the draft EIS.

The FERC encourages the public and other stakeholders to participate in the EIS process by providing comments throughout the process and clarifying inaccuracies or discrepancies they may perceive in the EIS.

CO16-9
(cont'd)

land use plans and ordinances, FERC staff has chosen to shift the burden of producing accurate information from Transwestern, the project's sponsor, to developers like WVSV and to municipalities, who are only beginning to understand the full impact of the Proposed Route on approved and pending master plans. This is not the type of retrofitted process that meets NEPA requirements.

CO16-10

Furthermore, it is not entirely clear that FERC staff fully appreciates the impact this information could have on the outcome of the overall NEPA process. In the safety analysis, for example, the DEIS indicates that only Class 2 construction standards should be met in constructing the Phoenix Lateral through WVSV-related areas, despite approved master plans indicating the presence of schools, businesses, and homes along the Proposed Route.¹⁵ If Transwestern and the preparers of the DEIS had consulted the approved plans, they would have known that the authorized population density of these areas requires compliance with Class 3 standards. This omission calls into question not only the DEIS's safety analysis itself, but also its evaluation of the alternatives to the Proposed Route – the very heart of the NEPA-mandated review.

CO16-11

Consequently, merely receiving additional information about the approved and pending developments along the Proposed Route – along with other supplemental information requested by the DEIS -- cannot lead directly to the issuance of the final environmental impact statement for this project. Under 40 C.F.R. §§1506.2(d) and 1502.9, FERC staff will be required to re-analyze the data, re-evaluate the alternatives, and then explain specifically how it plans to resolve any inconsistencies with local plans. Only at that point will it be possible to issue a final environmental impact statement.

¹⁵ DEIS §4.11.1, p. 4-192.

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CO16-10 See the response to comment PM3-8.

CO16-11 See the responses to comments PM3-2 and PM3-12.

**II.
THE DEIS'S ANALYSIS OF THE BUCKEYE ALTERNATIVES
TO THE PROPOSED ROUTE CONTAINS SERIOUS DEFICIENCIES**

CO16-12 At the heart of the NEPA-mandated process is the requirement that an agency "rigorously explore and objectively evaluate" the projected environmental impacts of all "reasonable alternatives" to the proposed action. 40 C.F.R. §1502.14. The objective of this analysis is to sharply define the issues and provide a "clear basis for choice among options by the decision maker and the public." *Id.*

For the reasons set forth in this section, the DEIS's alternatives analysis does not provide a clear basis for choice among options, but rather reflects a faulty understanding of the conditions along the Proposed Route and along the route alternatives that the DEIS refers to as the Buckeye Alternatives.¹⁶ This error leads directly to inaccurate and incomplete construction cost estimates. As a result, the DEIS's conclusion that the Buckeye Alternatives are not "environmentally preferable or economically viable" is clearly erroneous and cannot serve as a sound basis for FERC action.

A. The DEIS's Analysis of the Proposed Route and the Buckeye Alternatives Contains Numerous Mistakes and Omissions.

1. *The Number of Lots Affected by the Proposed Route is Inaccurate.*

CO16-13 The DEIS's figure for the number of lots directly impacted by the Proposed Route is wrong.¹⁷ This figure appears to be an estimate based on information from only two developments (the Tartesso and Sun City Festival developments). In Sun Valley alone, however, approximately 333 lots lie within 50 feet of the Proposed Route and will be impacted directly by constructing the Phoenix Lateral in that location. This error is

¹⁶ The Buckeye Alternatives are identified in DEIS, Figure 3.4.2-4, p. 3-16.

¹⁷ DEIS §3.4.2.5, p. 3-13 and Table 3.4.2-1.

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CO16-12 The draft EIS was prepared in accordance with NEPA, CEQ guidelines, and other applicable requirements. The draft EIS is comprehensive and thorough in its identification and evaluation of the environmental impacts of the proposed project and feasible mitigation measures to reduce those effects wherever possible. The draft EIS includes sufficient detail to enable the reader to understand and consider the issues raised by the proposed project and addresses a reasonable range of alternatives.

CO16-13 The number of planned residential lots that would be located within 50 feet of the permanent right-of-way of the proposed route and the Buckeye Alternatives has been revised to incorporate the reported density of planned lots in proximity to the Sun Valley developments (the Sun Valley development referred to by WVSV is identified as Sun Valley and Valley Village III in section 4.7.3.2).

CO16-13 (cont'd) | another example of the lack of effective consultation with municipalities and developers during the DEIS's preparation.

2. *The DEIS Does Not Recognize the Direct Impacts of the Proposed Route on Sun Valley.*

CO16-14 | The DEIS asserts that since the Proposed Route locates the Phoenix Lateral within the existing right-of-way for the electric lines owned by the Salt River Project Agricultural Improvement and Power District ("SRP"), construction "would not result in the placement of permanent right-of-way on any residential lots with the possible exception of within the Desert Creek development noted above." This assertion is completely wrong.

In Sun Valley, the centerline of the Phoenix Lateral would be located only 15 feet from the edge of the SRP right-of-way. Since the right-of-way for the Phoenix Lateral extends 25 feet on either side of the center of the pipeline, it will be necessary for 10 feet to be taken from each lot that abuts the side of the SRP right-of-way on which the pipeline is constructed. It is likely that this direct impact will be experienced in other planned developments as well.

3. *Construction Costs Do Not Reflect Differences in Land Acquisition/Right-of-Way Costs.*

CO16-15 | Table 3.4.2-1 compares construction costs for the Proposed Route and the Buckeye Alternatives on the basis of pipeline facilities, additional compression facilities, and customer laterals, but does not include land acquisition costs in the analysis. The differential in these costs could be considerable, given that land acquisition cost in the planned communities is running approximately \$30,000 per acre and that much of the

Companies and Organizations 16

CO16-14 | The 50-foot-wide permanent right-of-way of the Phoenix Lateral would not extend 25 feet on either side of the pipeline in the Buckeye area. Rather, as stated in section 3.4.2.5, the pipeline would be installed 15 feet from the edge of Transwestern's 50-foot-wide permanent right-of-way, and the right-of-way would be located entirely within the existing SRP easement for the entire length across the Valley Village development. Therefore, the pipeline would not require 10 feet of new permanent right-of-way outside and adjacent to the SRP right-of-way and, thus, would not result in direct impact on lots (i.e. the placement of permanent right-of-way).

CO16-15 | As noted in the response to comment CO16-14, WVSV incorrectly concluded that the proposed alignment would require 10 feet of new permanent right-of-way outside and adjacent to the SRP right-of-way in which the Phoenix Lateral would be located and would thus directly impact land that has been or would be developed. As proposed, the construction work area and the 50-foot-wide permanent right-of-way for the Phoenix Lateral would be entirely within the existing SRP powerline easement for the entire length across Valley Village and nearly the entire length of the route through the Buckeye area. The existing powerline easement is not available for residential development and, thus, the cost of right-of-way for the Phoenix Lateral should not compare to the cost of residential land. Also, in estimating the impact of the project on land costs, WVSV and other developers have asserted that the value of all lands within a 600-foot-wide setback should be included in the cost comparison. We disagree that a 600-foot-wide setback from the pipeline is necessary as discussed in the response to comment CO7-3. In conclusion, while the cost of right-of-way acquisition is a matter of negotiation between Transwestern and the landowner that is outside the scope of this EIS, the cost to acquire right-of-way within the existing SRP powerline easement should be generally comparable to the cost to acquire right-of-way within the approved APS Palo Verde Hub to TS-5 500 kV transmission line easement in which the Buckeye Alternatives would be sited. Furthermore, additional costs that may be incurred to acquire right-of-way along the proposed alignment would be at least partially offset by the additional cost of acquiring 19 miles more of right-of-way along the Buckeye Alternatives.

CO16-15 (cont'd) | land for the Buckeye Alternatives is public land held by the Bureau of Land Management and would only require the payment of a nominal fee.¹⁸

4. *The Buckeye Alternatives Do Not Require Additional Compression Facilities of the Size Described by the DEIS.*

CO16-16 | No one disputes that each of the Buckeye Alternatives would require additional miles to be added to the Phoenix Lateral. Transwestern asserts that adding this length to the Phoenix Lateral would require the installation of approximately 15,000 horsepower of additional compression facilities to meet the project's contractual deliveries.¹⁹ The DEIS accepts Transwestern's assertion, apparently without independent verification.

The asserted need for these additional compression facilities strains belief. The elevations for the Proposed Route and the Buckeye Alternatives are virtually identical and the addition of 19 miles to a 259-mile pipeline should not require 15,000 horsepower compression facilities. Much smaller facilities should suffice, if they are required at all. This uncertainty points to the importance of the FERC staff verifying Transwestern's asserted need for additional compression, as well as its estimate of construction costs for any required facilities.

5. *The DEIS Misstates the Degree to Which Minimum Federal Pipeline Safety Standards Have Been Applied to the Proposed Route.*

CO16-17 | The DEIS asserts that "the pipe grade and wall thickness of the proposed pipeline have been designed in anticipation of development in the Buckeye area."²⁰ This is not true. As previously noted, the DEIS's safety analysis indicates that only Class 2

¹⁸ The \$30,000 per acre price for undeveloped acreage in a master planned community is based upon the recent purchase of the 3,000 acre Trillium planned development by the principals in the Douglas Ranch planned development for approximately \$86.3 million. See "State's Biggest Planned Development Gets Bigger," a copy of which is contained in Attachment "B" hereto.

¹⁹ DEIS §3.4.2.5, p. 3-17.

²⁰ DEIS §3.4.2.5, p. 3-18.

Companies and Organizations

CO16-16 | Transwestern reaffirmed that approximately 15,000 hp of additional compression at an approximate cost of \$30 million would be required in order for Transwestern to make delivery point pressure obligations and to maintain line pack for contractual deliveries if either of the Buckeye Alternatives are adopted (see comment letter A1).

CO16-17 | See the response to comment PM3-8.

CO16-17
(cont'd)

construction standards should be met in constructing the Phoenix Lateral through WWSV-related developments. Compliance with the Class 3 standards, however, is required for pipelines running through areas with population densities like those anticipated by the WWSV's approved master plans.²¹

6. *The DEIS Does Not Specify the Depth at which the Phoenix Lateral Will Be Installed in Planned Communities Along the Proposed Route.*

CO16-18

The DEIS treats the critical issue of the Phoenix Lateral's depth of installation with an approach that disdains the very real safety concerns of developers and municipalities. In the portions of the Proposed Route with existing utility crossings, the DEIS states that the Phoenix Lateral will be installed "below existing utilities that are within approximately 7 feet of the land surface."²² For future utility crossings, the DEIS recommends the Phoenix Lateral to be installed 40 inches below the ground surface, rather than the 36 inches required by the Minimum Federal Safety Standards.²³ The DEIS also indicates that Transwestern has committed to "working with developers and the Town of Buckeye to incorporate planned utility crossings into the final pipeline design at Transwestern's expense."²⁴

Since the Minimum Federal Safety Standards require gas transmission lines to be installed with at least 12 inches of clearance from other underground structures,²⁵ the DEIS apparently envisions the Phoenix Lateral as being installed at depths up to 8 feet in areas with existing utilities and 3.33 feet in areas with future utilities (unless

²¹ DEIS §4.11.1, p. 4-193.

²² DEIS §3.4.2.5, p. 3-19 (emphasis added).

²³ DEIS §3.4.25, p. 3-18. It is interesting to note that the DEIS's safety analysis section does not mention the 40 inch requirement.

²⁴ DEIS §3.4.2.5, p. 3-19.

²⁵ 49 C.F.R. §192.325.

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CO16-18

The proposed alignment of the Phoenix Lateral within the existing SRP easement would be designed, constructed, and operated in accordance with DOT requirements that are protective of public safety. Therefore, the draft EIS concluded that implementation of mitigation measures suggested by Buckeye area stakeholders, including burial of the pipeline at depths of 14 to 20 feet or construction of concrete-reinforced blast walls along both sides of the pipeline, would not significantly improve public safety. See also the response to comment PM3-52 for additional discussion of pipeline safety in Buckeye.

It is not reasonable to require Transwestern to bury its pipeline at a depth of 14 to 20 feet for the entire length through the Buckeye area to accommodate future utility crossings that have not been located or designed and could take decades to develop. Commentors have stated that there could eventually be hundreds of utility crossings across the SRP easement in the Buckeye area, but that the communities along the proposed route have not been designed to avoid the need for utility crossings across the SRP easement (see comment CO3-8). However, SRP, which operates the powerline easement in which the Phoenix Lateral would be located in the Buckeye area, states that any future crossings of its utility corridor will require the consent of SRP and that the vast majority of future utility installations across the SRP easement will be located along planned roadways of which there will be a limited number (see comment letter CO11). As discussed in section 3.4.2.5, Transwestern would participate in the construction of future crossings of the Phoenix Lateral by accurately locating the pipeline, discussing appropriate safety measures to be implemented by the utility installation contractors, and observing the construction activities to ensure compliance with required safety measures.

The orientation and timing between the construction of future roadways, utility crossings, and other features could dictate that some future utilities be installed by conventional bore regardless of whether or not the Phoenix Lateral is installed in the SRP easement. Furthermore, new underground utilities are constructed below existing utilities numerous times each day in the United States and it is not common business practice to pass the cost of those crossings onto the previously existing utilities.

CO16-18
(cont'd)

Transwestern, developers, and municipal officials can negotiate something else). This approach is perplexing, to say the least.

First, the DEIS does not cite any independent analyses to support this recommendation and simply dismisses, on the basis of general pipeline accident statistics, a report filed by intervenors in this proceeding recommending that the Phoenix Lateral be installed at a depth of 14 to 20 feet through the Buckeye development corridor. How does a mere four inches in additional depth materially enhance safety, especially in light of a study indicating that a much greater depth is optimal? The DEIS is silent on this point.

Second, the DEIS's approach transfers the critical issue of safety from the certification process to the negotiating table, where it will inevitably become entwined with the issue of right-of-way costs and severance damages. Developers should not be required to settle for less than the amounts to which they are entitled in order to purchase an appropriate level of safety for their developments.

CO16-19

Finally, the DEIS's approach does not take into account the enhanced risk of pipeline rupture during periods of intense construction activity. If a depth of up to 8 feet is appropriate for the Phoenix Lateral in areas with existing utilities, why is it not appropriate in others, especially in areas that will be experiencing intense construction activity? This point cannot be over-emphasized – the Proposed Route runs directly through a development corridor that over the next few years will become home to over 2.2 million people. Construction activity to support that population will be massive. There are 58 utility crossings in Sun Valley alone. Deeper *is* better, especially in areas under construction.

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Companies and Organizations

CO16-19 See the responses to comments PM3-7 and LA2-8.

B. The Cost Comparison Between the Proposed Route and the Buckeye Alternatives Is Fundamentally Flawed.

CO16-20

As a result of the above-noted errors and omissions, the DEIS's analysis of the comparative costs of the Proposed Route and the Buckeye Alternatives is fundamentally flawed and woefully inadequate. These mistakes must be corrected to provide FERC with a sound basis for evaluating the available alternatives for the Phoenix Lateral.

1. *The DEIS Overstates the Cost of Constructing the Buckeye Alternatives.*

The cost of constructing each of the Buckeye Alternatives reflected in Table 3.4.2-1 is overstated.²⁶ Approximately a quarter (\$30 million) of this cost is attributable to additional compression costs.²⁷ This amount, however, is based upon the need for 15,000 horsepower compression facilities, which, in all likelihood, are much too large if the only operational rationale for the supplemental compression is the addition of 19 miles to the Phoenix Lateral's length. Much smaller compression facilities should be sufficient for this purpose, if they are necessary at all. Reducing compression capacity in this manner could reduce the cost of the Buckeye Alternatives substantially – possibly by as much as \$20 million. Clearly, Transwestern's asserted need for additional compression facilities, along with its estimated costs of those facilities, must be subjected to detailed verification and analysis.

2. *The DEIS Understates the Cost of Construction Along the Proposed Route.*

The DEIS's estimate of \$52.8 million does not reflect all of the costs necessary to construct the Phoenix Lateral along the Proposed Route. Additional costs must be added to reflect compliance with the more rigorous Minimum Federal Safety Standards required

²⁶ The table shows cost of constructing the North Buckeye Alternative as \$128.9 million and the cost of constructing the South Buckeye Alternative as \$126.9 million.

²⁷ DEIS §3.4.2.5, Table 3.4.2-1, p. 3-14.

Companies and Organizations

CO16-20

The evaluation of the Buckeye Alternatives was not based solely on costs, although for an alternative to be adopted as the preferred alternative it must be economically viable. Transwestern estimates that construction of the Buckeye Alternatives would cost approximately \$74 million more than the proposed project and has stated that the additional costs would render the project uneconomic. The majority of the cost increase would be due to the 19 additional miles of pipeline and additional compression that would be associated with the Buckeye Alternatives. Transwestern reaffirmed that approximately 15,000 hp of additional compression at an approximate cost of \$30 million would be required in order for Transwestern to make delivery point pressure obligations and to maintain line pack for contractual deliveries if either of the Buckeye Alternatives are adopted (see comment letter A1).

The specifications that determine class location for a natural gas transmission pipeline are established by the DOT and are based on the proximity and density of human populations present at the time of construction. The proposed pipeline would be designed in accordance with Class 3 standards in those areas of Buckeye that have been developed at the time of construction, including Tartesso and Sun City Festival. The remaining, undeveloped areas of Buckeye could technically be constructed to Class 1 standards; however, Transwestern proposes to construct the Phoenix Lateral to Class 2 standards through all other areas of Buckeye, including areas not slated for development. The build out of the Buckeye area is anticipated to take decades. During that time, Transwestern would be required to monitor development progress and implement measures to comply with changes in class designations. Similarly, Transwestern would be required to implement measures to comply with changes in class designations that could occur over time along the Buckeye Alternatives.

See the response to comment CO16-18 regarding the contention that the proposed pipeline must be installed at greater depths than proposed in the Buckeye area.

See the response to comment CO16-15 regarding the contention that right-of-way acquisition costs would be significantly higher along the proposed route than along the Buckeye Alternatives.

See the responses to comments CO16-15 and PM3-45 regarding the applicability of the referenced TRB study to the Buckeye Alternatives analysis.

CO16-20
(cont'd)

for locations with higher population densities. In Sun Valley, the movement from the Class Location 2 to Class Location 3 standards is estimated to increase construction costs along the Proposed Route by at least \$2.6 million. Amounts reflecting this change in standards also should be added to the Phoenix Lateral's construction costs for other planned communities in Buckeye transected by the Proposed Route.

The \$52.8 million total also must be increased to reflect installation of the Phoenix Lateral at a depth greater than that contemplated by Transwestern's application. Since FERC staff merely accepted Transwestern's figures for the purpose of the alternatives analysis, those figures, in all likelihood, do not reflect installation of the Phoenix Lateral at depths greater than those required by the Minimum Federal Safety Standards, yet that is what the DEIS recommends, as previously discussed.²⁸

Land and right-of-way acquisition costs must be added to the Proposed Route's total construction costs. These costs are likely to be considerable where the Proposed Route departs from the existing SRP right-of-way and where the SRP right-of-way is insufficient (such as in the 10 foot strip of right-of-way abutting the SRP corridor in Sun Valley). As previously noted, a recent transaction indicates land acquisition costs on a development-wide basis in the range of \$30,000 per acre. The value of subdivided parcels is likely to be higher.

Taking into account these direct costs only begins the process of quantifying the true costs of constructing the Phoenix Lateral along the Proposed Route. As discussed in Section III-A below, Transwestern would be required to pay substantial severance damages resulting from adverse impacts on the viability and integrity of approved,

²⁸ WVSU estimates that construction costs would increase by 25 to 30% if the pipeline is installed at a depth of 14 to 20 feet.

CO16-20
(cont'd)

entitled master plans and development delays, expenses, and uncertainty associated with making extensive plan modifications. Although the DEIS dismisses these costs as a mere “damage-related” issues, they are nevertheless real costs of constructing in the Proposed Route and must be studied, quantified, and taken into account when comparing the cost of constructing the Phoenix Lateral in the Proposed Route to the cost of constructing along one of the Buckeye Alternatives, where comparable costs would not be incurred.

It is also important for the DEIS to consider the potential impact on construction costs of a 2004 study prepared by the Transportation Research Board at the request of the Office of Pipeline Safety.²⁹ This report recommends greater setbacks for major natural gas pipelines running through developed communities and high population centers. Greater setbacks, of course, translate to higher land acquisition costs. WVSV estimates that if a setback of 600 feet for developed communities were adopted for the Phoenix Lateral, the total cost of constructing along the pipeline through Sun Valley would increase by approximately \$22,380,000 – costs that would not be incurred for the Buckeye Alternatives, since neither would traverse planned communities.

3. *Summary.*

The DEIS’s seriously deficient comparative cost analysis must be corrected. The cost of the Buckeye Alternatives is too high because it includes costs that do not have to be incurred. The cost of constructing along the Proposed Route is too low because it excludes costs that will be incurred. WVSV is convinced that when all costs are properly factored into the calculations based on accurate information, the Buckeye Alternatives

²⁹ See Transmission Lines and Land Use: A Risk Informed Approach, Attachment B to WVSV’s *Comments on Transwestern Pipeline’s Proposed Phoenix Expansion Project Draft Environmental Statement (DEIS)*, which was filed in this proceeding on June 13, 2007. This study will be referred to hereinafter as the “TRB Study”.

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CO16-20 (cont'd) will be not only be economically viable, but will be the preferred alternative for locating the Phoenix Lateral.

III. THE DEIS DOES NOT ADEQUATELY ADDRESS THE ENVIRONMENTAL IMPACTS OF THE PROPOSED ROUTE

A. Introduction.

CO16-21 The environmental analysis section of an environmental impact statement forms the "scientific and analytic basis" for the comparison of alternatives for the proposed federal action.³⁰ Like the rest of the environmental impact statement, the environmental analysis must contain detailed, quantifiable, and accurate information about the environmental impact of the proposed action and any adverse environmental impacts that cannot be avoided should the proposal be implemented.³¹

The DEIS omits critical quantifiable information about the environmental impacts of the Proposed Route and fails to address fully how those effects could be mitigated by the locating the Phoenix Lateral along one of the Buckeye Alternatives. Consequently, the DEIS is inadequate and must be re-written and re-circulated for comment before it can be finalized or a supplemental environmental impact statement must be prepared.

B. The DEIS's Socio-Economic Impact Analysis Lacks Critical Data.

CO16-22 The DEIS's socio-economic analysis contains factual errors. The discussion of the effect of the project on public services, for example, states that there is only one school located within one quarter mile of the project's Proposed Route.³² As previously noted, however, there are 11 planned schools to be located within one quarter mile of the project in WVSU-related developments *alone*.

³⁰ 40 C.F.R. §1502.16.
³¹ NEPA §102, 42 U.S.C. §4332 (C)(i) and (ii).
³² DEIS §4.8.3, p. 4-161 and 4-162.

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Companies and Organizations

CO16-21 See the responses to comments PM3-2, PM3-3, and PM3-12.

CO16-22 The socioeconomic analysis provides information on existing conditions along the proposed route. Therefore, the number of schools presented in section 4.8 reflects current, existing conditions. Section 3.4.2.5 recognizes that the Buckeye development plans include schools in addition to residences, hospitals, commercial areas, and greenspaces.

CO16-23 The most serious defects of the DEIS's socio-economic analysis, however, arise from its omissions. As pointed out by the Town of Buckeye, the DEIS's Environmental Justice analysis is completely unsupported and totally inadequate.³³

CO16-24 In addition, the DEIS's discussion of the impact of the Phoenix Lateral on property values is astonishingly brief. The DEIS summarily dismisses the effect that the Phoenix Lateral will have on WSVV-related properties by characterizing it as a "damage-related issue" to be negotiated with Transwestern and by citing a study by a natural gas industry trade group indicating that a pipeline has no significant impact on the sales price of property along a pipeline's right-of-way.³⁴ This superficial approach to the property value issue, however, fails to appreciate, let alone address, the potential magnitude of the issue and its relationship to the evaluation of the alternatives to the Proposed Route.

As WSVV indicated in its March 30 letter to FERC, the process of obtaining approval for a master planned community like the Sun Valley Communities is an expensive and time consuming proposition that is designed to solicit public discussion and agreement on the location of various community land uses and proposed densities for development. These processes result in decisions as to how and when infrastructure will be financed and built, where appropriate locations for commercial activities such as shopping centers will be located, how water is to be obtained to serve the area, and how various other amenities required to serve potential buyers will be accommodated. These achievements are reflected in decisions contained in local ordinances that, by their very nature, create value in the zoning entitlements that these properties now carry.

³³ See *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, pp. 13 – 114.

³⁴ DEIS §4.8.5, p. 4-164.

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CO16-23 See the response to comment PM3-20.

CO16-24 See the responses to comments PM3-15, CO16-15, and FA4-4.

CO16-24
(cont'd)

Changes in the entitled land use, such as the installation of the Phoenix Lateral, could require extensive redesign of the master plans, resulting in significant additional costs and delays as the public consultation process is re-initiated. The imposition of the need for these changes is not a mere "damage related issue" to be settled at a negotiating table, but rather a substantial imposition on WVSV's property rights in its development projects that requires thorough and detailed analysis.

CO16-25

The importance of this analysis is accentuated by the fact that the Buckeye Alternatives do not pose these issues since they run through tracts that are not currently subject to municipally-approved land use plans and are not likely to be developed in the foreseeable future. In short, the Proposed Route implicates cost and other considerations that are not implicated by the Buckeye Alternatives. A complete analysis of these issues is essential to a NEPA-compliant alternatives analysis.

Consequently, before any decisions regarding the routing of the Phoenix Lateral are reached, all parties should have access to, and the environmental impact statement should thoroughly address, project-specific economic information and an extensive impact analysis that includes:

- The estimated cost of real estate values (2007 values or projected values for the phases of development) of lands to be condemned along the proposed route *vis-à-vis* the estimated cost of lands for alternative routes that do not extend through proposed residential areas;
- The parameters used to determine the effect of the pipeline on homebuyer behavior, particularly with respect to lot sales within proximity to the pipeline right-of-way, and any studies of recent comparable pipeline location impacts on high-value residential and commercial buyer behavior;
- The potential long-term economic effect of the prospect for locating additional future pipelines along the right-of-way, requiring even further land acquisition for setbacks for safety or access purposes;

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CO16-25

See the response to comment CO16-20 regarding the comparative cost analysis for the Buckeye Alternatives. The higher cost that would be associated with the construction and operation of the Buckeye Alternatives is important because Transwestern has stated that these costs would render the Phoenix Expansion Project uneconomic. However, the Buckeye Alternatives analysis was not based solely on costs, as such a conclusion would ignore the increased environmental impacts that would be associated with constructing an additional 19 miles of 36-inch-diameter pipeline through a sensitive desert environment and the impact that construction and operation of a new compressor station would have, primarily on air quality. In its comments on the draft EIS, the EPA supported the conclusion that the proposed route would result in fewer adverse environmental impacts than the Buckeye Alternatives, and specifically noted that the additional construction emissions associated with the longer Buckeye Alternatives would be a "significant adverse impact, especially in Maricopa County which is in nonattainment of national air quality standards for ozone and particulate matter" (see comment letter FA4).

The potential impact that the proposed project could have on property values is a damage-related issue that would be negotiated between the landowner and Transwestern.

The FERC is not aware of any plans to locate additional pipelines along the proposed alignment of the Phoenix Lateral in the Buckeye area. The FERC does not consider speculative projects in its environmental analysis.

CO16-25
(cont'd)

- The additional costs associated with burying the pipeline at a level sufficiently deep enough to provide safety for local homeowners and citizens living in the area, and to be located at an adequate depth to pass beneath appropriate road crossings required over the pipeline routing at various intervals;
- The short and long term effect on future construction of planned developments, buildings, roads, infrastructure, businesses, schools, parks and other activities affected by the placement of a pipeline along the proposed routing; and
- The service and infrastructure costs to the community to assure consistent and continued safety measures for life and property.

C. The DEIS's Reliability and Safety Analysis Is Factually Inaccurate and Fails to Consider the Effect of a Recent Study Commissioned by FERC.

CO16-26

The DEIS's reliability and safety analysis is remarkable for its near-boilerplate treatment of safety issues and its strong emphasis on compliance with minimum safety standards as being good enough to mitigate the risks of personal injury and property loss. The factual inaccuracy of the DEIS's application of these standards to pipeline construction in the Proposed Route has already been noted. WVSU will focus its comments in this section on a recent study by the Transportation Research Board on transmission pipelines and land use.³⁵

The TRB Study is the second study submitted in this proceeding indicating that more is required for mitigating the risks associated with transmission pipelines than simple adherence to minimum federal construction standards.³⁶ According to this study, it is necessary to take a broader view of addressing the risks posed by pipelines than is possible by focusing on regulations governing pipeline design, operation, and maintenance. Land use measures can reduce the risk of disturbing pipelines by "keeping

³⁵ See footnote 28, *supra*.

³⁶ Intervenor Stardust-Tartesso W-12, Inc. and Pulte Home Corporation filed a report with FERC that specifically discussed the risks of locating a pipeline in a growing residential area and recommended measures to mitigate these risks in addition to the minimum federal pipeline construction standards. DEIS §4.11.2, p. 4-200.

Companies and Organizations

CO16-26 See the response to comment PM3-45.

CO16-26
(cont'd)

human activity away from the immediate vicinity of the pipelines" and by minimizing the exposure of those living and working near a transmission pipeline in the event of an incident.³⁷

Accordingly, the TRB Study concludes that much more extensive efforts are required to locate major gas pipelines away from developed communities and high-population centers. When it becomes absolutely necessary to locate pipelines in such areas, the study recommends setbacks and other land use measures as appropriate means for reducing the probabilities and consequences of incidents.³⁸

The DEIS does not mention the TRB Study, yet the concerns articulated by the study and the recommendations it makes must be taken into account. In this situation, complete physical separation of the pipeline from human activity is possible. Reasonable alternatives exist that allow the Phoenix Lateral to be located completely away from developing areas. From a safety standpoint, this is the optimal result. To deem the Proposed Route acceptable simply because it will comply with minimum standards is to take a view that is too narrow and facile and does not give appropriate weight to the larger policy objectives that can be achieved.

CONCLUSION

CO16-27

The DEIS contains many factual and analytical flaws that prevent it from achieving the high level of quality required by NEPA and its implementing regulations. WWSV respectfully requests that the DEIS be revised to correct the concerns set forth in these comments and re-circulated for comment prior to finalization. Only in this way

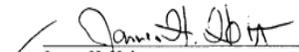
³⁷ TRB Study, p. 4.
³⁸ TRB Study, p. 7.

Companies and Organizations

CO16-27 See the responses to comments PM3-2 and PM3-3.

CO16-27 | will the DEIS lead to a final environmental impact statement that complies with NEPA
(cont'd) | and becomes a meaningful basis for FERC's decision in this proceeding.

Respectfully submitted,



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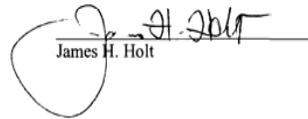
Counsel for WVSV Holdings, L.L.C.

Dated: June 18, 2007

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CERTIFICATE OF SERVICE

I hereby certify that on this 18th day of June, 2007, the foregoing Supplemental Comments of WVSV Holdings, L.L.C. on Draft Environmental Impact Statement was served, by electronic mail, upon each person designated on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission in this proceeding.


James H. Holt

Attachment A

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Supplemental Comments of WWSV Holdings, L.L.C.
on Draft Environmental Impact Statement
Docket No. CP06-459-000

Attachment A

Comments on Executive Summary

Comment #	Page #	Paragraph #	Document Text	Response Comment	
CO16-28	1.	ES-2	8	In January ... express their concerns.	This statement contradicts the statement in paragraph 2, page 1-6, which asserts that these open house meetings were held in January and May. These meetings actually occurred during pre-filing and comments received indicated that no details of the route were provided at that time.
CO16-29	2.	ES-2	10	The NOI also ... the project area.	This also occurred during pre-filing, and before the public had been shown the proposed route.
CO16-30	3.	ES-3	3	The FERC staff ... in those areas.	The Town of Buckeye and the City of Casa Grande both disagree that consultation and coordination during the DEIS process have been adequate. Much more discussion on the impacts on these municipalities and the developments contained therein should have occurred in the evaluation of project alternatives and in developing appropriate standards to mitigate impacts, particularly with respect to the safety of life and property in urban areas. With over 27 miles of the proposed pipeline planned through the Buckeye Area (7.2 miles crossing the Sun Valley Communities alone), Transwestern and FERC have an obligation, if not a legal requirement, to work constructively with both municipalities, Maricopa and Pinal Counties, and affected landowners and developers to develop realistic impact data and analyses, to correct the deficiencies in the DEIS, and to assure that the requirements of the National Environmental Policy Act (NEPA) are fully met prior to the selection of a preferred alternative and a Record of Decision.

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- CO16-28 The draft EIS incorrectly reported that an open house meeting was held in Maricopa, Arizona. The Executive Summary and section 1.3 have been revised to remove references to this meeting.
- CO16-29 The NOI was mailed to more than 5,800 individuals and organizations, including many representatives of the Town of Buckeye and developers in the Buckeye master planning corridor that later filed interventions. Other recipients of the NOI from the Buckeye area included the Buckeye Public Library, 37 miscellaneous individuals and organizations, 3 landowners, and 1 intervenor. The map included in the NOI depicted the proposed route.
- CO16-30 See the responses to comments PM3-1 and PM3-2.

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Comments on Chapter 1: Introduction				
Comment #	Page #	Paragraph #	Document Text	Response Comment
CO16-31	1.	1-6 2, 3	As part of the Pre-Filing Process filed with FERC.	<p>WVSV maintains that Transwestern only made half-hearted efforts to contact landowners for the meetings discussed in paragraphs 2 and 3. WVSV did not receive the notification letter that was sent to landowners inviting them to the open houses held in Prescott Valley, Sun City West, Black Canyon City and Casa Grande. The mailing list of affected landowners and developers is not found in the Administrative Record.</p> <p>WVSV and many other developers were unaware of any potential impacts to their Master Planned Communities until the latter half of 2006. It was only through word of mouth communications with other developers that WVSV became aware of the need for intervention in FERC's process.</p> <p>Furthermore, no stakeholder involvement meetings were held in January and May 2006 in the Town of Buckeye, where many major landowners affected by the proposed pipeline route are located. The nearest meeting to Buckeye was held in Avondale, a substantial distance away. Only four persons (other than federal agency staff) attended the Avondale meeting - a clear indication of inadequate public notice and poor choice of meeting location.</p> <p>The briefing material supplied to the public at the January 2006 meetings provided no specific information as to Transwestern's</p>

CO16-31 See the responses to comments PM3-1 and CO16-29.

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CO16-31 (cont'd)				<p>proposed route through the Hassayampa Valley, Gila River Valley or the Casa Grande area. Moreover, the level of information did not reflect an understanding of the status of current land use planning, proposed development and growth patterns, or the extent of affected land development activities.</p> <p>Based on the foregoing, it is clear that:</p> <ul style="list-style-type: none"> • Transwestern's mailing list was incomplete • The locations chosen for the meetings led to the impression that other communities would not be impacted, hence the lack of interest shown in the meetings
CO16-32	2.	1-6	5	<p>The four public scoping meetings... draft EIS.</p> <p>Judging from the public briefing material posted on Transwestern's website, the primary focus of the scoping meetings was to educate the public about the importance of the pipeline. Very little information was provided on the pipeline routing. Moreover, the presentation was filled with incomplete information. Examples of such information include the following:</p> <ul style="list-style-type: none"> • "Natural gas is a non-toxic product." This statement does not take into account the dangers of natural gas to those who might be exposed to it. • "Experts say that pipelines are the safest way to transport natural gas." In reality, pipelines are the only practical way to transport large volumes of natural gas. Transmitting gas by

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CO16-32 See the responses to comments PM3-1 and CO16-29.

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CO16-32
(cont'd)

Comments on Chapter 1: Introduction				
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				<p>pipeline requires appropriate safety measures to be used, since it is a highly volatile substance and extremely explosive under pressure.</p> <p>In the presentation made to the public, the statement was made that the specific route had not been selected. In addition, it was stated that landowners would be asked to allow Transwestern to survey their land before a final route determination would be made.</p> <p>In the FERC Notice of Intent (February 6, 2006) filed less than one month after the January open houses, Transwestern provided information on the pipeline routes, including acres of impact, similar to those included in the DEIS (see pages 3 and 4 of the NOI). This leads WVSU to question whether Transwestern was presenting complete information at the public meetings regarding decisions already made about the routes chosen.</p> <p>Transwestern stated that it would work with appropriate federal, state and local permitting agencies to further minimize impacts to land and the environment. WVSU believes that this commitment was not kept as the municipalities that are crossed by the pipeline were not approached to determine what land use conflicts with approved Master Planned Communities could be identified.</p> <p>The map that Transwestern included in the public presentation is</p>

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Comments on Chapter 1: Introduction

CO16-32
(cont'd)

CO16-33

Comment #	Page #	Paragraph #	Document Text	Response Comment
				<p>misleading and did not provide enough route information (on a reasonable scale) that would allow the public to express any concerns. On the map, the pipeline route seems to bypass Phoenix and surrounding areas to the west and south, thereby avoiding any potential conflicts with the densely populated residential developments that will be constructed over the next few years.</p> <p>Keeping the above discussion in mind, it is understandable that there were only seven comments by the three attendees at the Avondale meeting, none of which were apparently submitted by the Town of Buckeye or by landowners and Master Planned Community developers involved in the Sun Valley Area.</p>
3.	1-7	2	The most frequently ...and route alternatives.	<p>In Sections 3.4.2.5 and 4.11, the DEIS approaches safety from the standpoint of satisfying minimum federal standards for pipeline design, operation, and maintenance. However, given the build-out population density of the developments transected by the proposed pipeline, it is important to consider utilizing pipeline safety measures greater than the minimum standards. Risk reduction approaches for densely populated areas are evaluated and discussed in the Transportation Research Board (TRB) Report No. 281 entitled <i>Transmission Pipeline and Land Use-A Risk-Informed Approach</i>. In this report, TRB urges locating pipelines away from metropolitan areas like the Town of Buckeye and the Hassayampa Valley. The report also cites examples of safe measures for use in metropolitan areas, including buffer setbacks of up to 800 feet either side of the</p>

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CO16-33 See the response to comment PM3-45.

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CO16-33
(cont'd)

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Comment #	Page #	Paragraph #	Document Text	Response Comment
			<p>centerline (depending on pipeline construction specifications) to assure a safe distance from adjacent developments.</p> <p>The report states: "A number of high-profile incidents involving transmission pipelines in urban and environmentally sensitive areas have recently focused public attention on pipeline safety." This should have been specifically addressed in the DEIS. The report also indicates that the consequences of incidents that involve large diameter, high-pressure <i>transmission</i> pipelines "can be significant for public safety and the environment." The key word there is "<i>significant</i>." Surely something designated as "significant" in a safety report should have been more thoroughly addressed in the DEIS.</p> <p>A previous report, prepared in 1988 by the TRB entitled <i>Special Report 219: Pipelines and Public Safety</i>, assessed the adequacy of measures used to protect the public near pipelines. The report examined land use adjacent to pipelines that transport hazardous commodities and methods that could be used to increase the safety of the public in the vicinity of pipelines. The report proposed numerous damage prevention, land use, and emergency preparedness measures to help reduce the risks due to pipeline accidents. Nowhere in this DEIS are these measures addressed, yet, according to the TRB's 2004 study from 2001 through 2003, natural gas transmission pipeline incidents resulted in an annual average of 6 deaths, 10</p>	

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Comments on Chapter 1: Introduction

Comment #	Page #	Paragraph #	Document Text	Response Comment
CO16-33 (cont'd)				<p>injuries, and \$20 million in property damage.</p> <p>The updated and more protective standards discussed in the TRB's 2004 study should be considered and evaluated in the evaluation of alternatives and in development of mitigating factors to protect adjacent landowners and development from the potential risks of pipeline failure.</p>
CO16-34	4.	1-8 to 1-11	all	<p>Table 1.3-1</p> <p>Most scoping comments included in Table 1.3-1 seem to be comments submitted by regulatory bodies. Only four comments can be attributed to property-related concerns.</p> <p>They are:</p> <ul style="list-style-type: none"> • (General) Discuss how affected landowners would be compensated. • (General) Discuss the use of eminent domain. • (Land Use) Describe the impacts on existing residences and the measures that would be taken to avoid or reduce impacts. • (Socioeconomics) Concern that the project would result in decreased property values. <p>These comments captured the concerns of landowners and developers, but the remaining comments over-captured the concerns of cooperating and regulatory agencies. Had a concerted effort been made to contact landowners and developers, it is WVSU's belief that more useful public comments would have been received from</p>

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CO16-34 See the responses to comments PM3-1 and CO16-29.

Companies and Organizations

Comments on Chapter 1: Introduction

Comment #	Page #	Paragraph #	Document Text	Response Comment
CO16-34 (cont'd)				developers of approved Master Planned Communities, thereby allowing Transwestern to choose a better route as the preferred alternative.
CO16-35	5.	1-13 to 1-19	all Consistency with Regional and Local Plans	<p>The information contained in the DEIS only refers to dated County Level Plans.</p> <p>They are:</p> <ul style="list-style-type: none"> • Coconino County, Arizona (2003). • Yavapai County, Arizona (2003) • Maricopa County, Arizona (2002) • Pinal County, Arizona (2005) <p>No mention is made of a review of municipal plans (and municipally-approved master plans) for communities located within the project area nor is there any evidence of contact with the official metropolitan planning organization for the area, the Maricopa Association of Governments (MAG.) In rapidly developing urban areas, such as those located in the larger Phoenix Metropolitan Area, one would assume that Transwestern would have made a better effort to obtain information on the General Plans of the municipalities and the approved plans for Master Planned Communities and Subdivisions (as well as their development status). Within incorporated areas in the State of Arizona, the municipalities (towns or cities) and agencies like MAG are directly responsible for regulating land use and development. Accordingly, any analysis of</p>

CO16-35 WVSV's comments regarding its communications with Transwestern are noted. The public outreach efforts associated with this project are described in section 1.3 of the EIS, and specific notification efforts associated with the Buckeye area are summarized in the response to comment PM3-1.

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CO16-35
(cont'd)

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			<p>land use plans and projected development is inherently deficient when no consideration has been given to the General Plan, Planned Area Developments and Subdivisions approved by such agencies.</p> <p>Because Transwestern failed to review existing plans, WWSV took it upon itself to bring Transwestern up to speed on approved planned developments after it became evident that Transwestern was derelict in its efforts to obtain information on approved Master Planned Communities. Information pertinent to concerns about the routing of the proposed pipeline was presented to Transwestern at the following meetings:</p> <ul style="list-style-type: none"> • WWSV / Transwestern Meeting held on November 20, 2006 in Tempe. • The Transwestern Pipeline Meeting held on December 14, 2006 in Buckeye. • WWSV / Transwestern Meeting held on February 13, 2007 in Phoenix. <p>In addition, a letter was submitted to FERC on March 30, 2007 (Accession Number – 200770402-5085). In the letter WWSV:</p> <ul style="list-style-type: none"> • Apprised FERC staff of the status of consultation with Transwestern; • Pointed out that little or no consultation had been initiated 	

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CO16-35
(cont'd)

Comments on Chapter 1: Introduction				
Comment #	Page #	Paragraph #	Document Text	Response Comment
				<p>between landowners and Transwestern;</p> <ul style="list-style-type: none"> Indicated that consultation with Transwestern had been entirely insufficient. <p>WVSV's letter requested that FERC and Transwestern provide any reports and analyses of issues identified in the January 2006 meetings pertaining to the proposed routing, including other possible alternatives and the anticipated impacts on planned growth for the Buckeye area. As of today, WVSV has received no correspondence back from FERC or Transwestern about the concerns raised in its letter. Several fundamental issues remain unresolved and this leads to the conclusion that the administrative record is incomplete and insufficient and the environmental analysis is deficient.</p> <p>No mention is made of the following municipally-approved WVSV Master Planned Communities:</p> <ul style="list-style-type: none"> Elaine Farms - PAD Zoning and Preliminary Plat approved in December 2005; The Sun Valley Community - entitlement approved on April 16, 1996 - Development Agreement signed with the Town of Buckeye on July 19, 2000; - the Community Master Plan was submitted in 2004 and approved on July 18, 2006; Midway Property - entitled in three applications between 1998 and 2003.

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CO16-35 (cont'd)				All of these approved plans were submitted before the Transwestern NOI was published or before the DEIS was completed. Had Transwestern made a concerted effort to determine whether its plan was consistent with local plans, land use conflicts could have been avoided and a better proposed alternative could have been developed.
CO16-36	6.	1-19 to 1-22	All Permits, Approvals, Consultations, and Regulatory Requirements	The statement that "Transwestern would be responsible for obtaining all permits and approvals required to implement the proposed project regardless of whether they appear in this table," raises concerns because it does not refer to any municipal permits and consultations. This is further evidence that Transwestern has not completed adequate consultations with municipalities and developers. It should be required to do so before finalizing the preferred alternative.

CO16-36

Table 1.6-1 lists the major federal, state, and local permits, approvals, and consultations identified for the construction and operation of the Phoenix Expansion Project. Section 1.6-1 also states that Transwestern would be responsible for obtaining all permits and approvals required to implement the proposed project regardless of whether they appear in table 1.6-1. See also the response to comment PM3-2.

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Comments on Chapter 2: Project Description

Comment #	Page #	Paragraph #	Document Text	Response Comment
CO16-37	1.	2-4	Table 2.1.1-1 Pipeline Facilities Associated with the Phoenix Expansion Project	The East Valley Lateral has already been constructed and should not be listed in this table as 36.7 miles to be built as part of the Phoenix Expansion Project.
CO16-38	2.	2-5	11 EPNG Pinal County ... Pinal County, Arizona.	This statement seems to be in error and needs correction or clarification. Why is this lateral not included in Table 1.1-1 or in paragraph 3, p. 1-12?
CO16-39	3.	2-10	8 No portion of the 1.4 miles of customer laterals would be within or adjacent to existing right-of-way.	This statement seems to be in error and needs correction or clarification. How can this be possible, when the pipeline is being installed <i>within or adjacent to</i> existing right of way ("ROW") through 60% of the Phoenix Lateral length, and customer laterals will emanate from that pipeline?
CO16-40	4.	2-13	2 Because the customer ... would be possible.	How can customer laterals from a pipeline constructed adjacent to or within existing ROW <i>not</i> have overlapping ROW with the Phoenix Lateral?
CO16-41	5.	2-29	3 Construction through or near residential areas ... prompt and thorough.	No provisions are discussed that would protect the public in residential/urban areas where structures are more than 50 feet from the ROW. Open trenches are a serious hazard - limits should be placed on the amount of open trench allowed, and the ROW should be fenced to protect the public in residential/urban areas, even if no structures are within 50 feet.

CO16-37

In table 2.1.1-1, a footnote is included for the East Valley Lateral that describes it as existing. Although it is already constructed, it is listed in the description of proposed facilities because its acquisition would be a component of the Phoenix Expansion Project.

CO16-38

As discussed in section 1.4.1, the nonjurisdictional facilities associated with the proposed project are those facilities that Transwestern anticipates would be constructed by the customer downstream of the interconnection between the Phoenix Lateral and the existing pipeline facilities of the customer. We are not aware of any facilities that would be constructed downstream of the interconnection between the Phoenix Lateral and the EPNG customer lateral.

CO16-39

Section 2.2.1 has been revised to state that a majority of the 1.4 miles of customer laterals would be constructed on newly created rights-of-way.

CO16-40

Section 2.2.1 has been revised to state that because the customer laterals would not be adjacent to existing rights-of-way, the only overlap possible is where the laterals extend into the proposed Phoenix Lateral construction and permanent rights-of-way.

CO16-41

WVSV's comments regarding fencing the right-of-way in residential/urban areas where structures are greater than 50 feet from the right-of-way are noted.

Transwestern would coordinate with the property owners of each tract crossed. If the landowner feels that an open trench is a safety issue, he/she may request through Transwestern's land agents that the right-of-way be fenced during construction.

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Comments on Chapter 2: Project Description

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CO16-42	6.	2-30	3	The "Red Zone" ... the construction crew.	Construction personnel have been seriously injured or killed on pipeline construction sites due to electricity arcing from the overhead lines. This safety issues is not addressed in the DEIS. Why is no mention made of grounding vehicles or equipment, a standard requirement when working under these conditions?
CO16-43	7.	2-35	5	Section 4.11 presents ... emergency response procedures.	The DEIS does not address proven approaches to reduce frequent causes of pipeline failure. In view of the population density of proposed developments, the pipeline's proximity to homes and people, and the documented safety concerns regarding siting pipelines in urban areas, mitigations to reduce pipeline failure require much more attention and analysis in the DEIS.

Companies and Organizations

- CO16-42 Section 2.3.2 has been revised to note that equipment working in close proximity to high voltage powerlines would be equipped with grounding straps.
- CO16-43 See the response to comment PM3-2.

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II-657

Comments on Chapter 3: Alternatives

CO16-44

Comment #	Page #	Paragraph #	Document Text	Response Comment
1.	3-5 to 3-13	3	<p>The five criteria employed to consider potential route alternatives were not seriously followed in evaluating the Buckeye Alternatives. Had they been followed in preparing the DEIS, FERC would have more solid information on which to base a final decision concerning the routing of the Phoenix Expansion Project.</p> <p>The DEIS appears to be focused on justifying the Transwestern proposed alternative, rather than seriously evaluating alternatives that will minimize impacts on densely populated areas. Disjointed descriptions of the various alternatives affecting the Hassayampa Valley make it difficult to ascertain the full range of impacts. The one alternative (North or South Buckeye Alternative) that could mitigate most, if not all, of WWSV's concerns is given cursory treatment in the Alternatives discussion and summarily dismissed. The discussion of the proposed alternative (Transwestern's preferred routing) minimizes discussion of the extensive development activity entitled and planned along the pipeline's 27 mile route west of the White Tank Mountains. No socio-economic analysis appears to have been done to support evaluation of alternatives impacts on lots, land values, growth, future populations, costs and other major considerations that must be taken into account in evaluating and comparing the relative value of alternatives. The cost of realistic setbacks and safety protections should be documented and taken into account, as well as severance costs to developers due to disruptive</p>	

CO16-44

The draft EIS was prepared in accordance with NEPA, CEQ guidelines, and other applicable requirements. The draft EIS is comprehensive and thorough in its identification and evaluation of the environmental impacts of the proposed project and feasible mitigation measures to reduce those effects wherever possible. The draft EIS includes sufficient detail to enable the reader to understand and consider the issues raised by the proposed project and addresses a reasonable range of alternatives. Furthermore, the analysis in the draft EIS contains sufficient information to allow the Agency Staffs to conclude that neither the North nor South Buckeye Alternative represents an environmentally preferable or economically viable alternative to the proposed route through the Buckeye area. In its comments on the draft EIS (see comment letter FA4,) the EPA supported the Agency Staffs' conclusion that the proposed route through the Buckeye area would result in fewer adverse environmental impacts than the North and South Buckeye Alternatives. Nevertheless, in response to other comments on the draft EIS, section 3.4.2.5 has been revised to include additional analysis of the Buckeye Alternatives. The Agency Staffs' conclusion remains unchanged in the final EIS.

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Comments on Chapter 3: Alternatives

CO16-44
(cont'd)

Comment #	Page #	Paragraph #	Document Text	Response Comment
				<p>impacts on entitle project plans and developments.</p> <p>Paragraph 5 on page 3-13 contains numbers for lots impacted based on a "rule of thumb" FERC developed for estimating the number of lots impacted. "Rule of thumb" estimates will not be adequate to evaluate land use and lot impacts of this project. Adequate information is available on the actual number of impacted lots and should be used.</p> <p>It appears that the preparers of the DEIS did not refer either to detailed community land use plans or the detailed master plans for the numerous developments along the pipeline's ROW. The data on development activity and lot impacts is seriously deficient and, if properly evaluated, will dramatically impact project costs anticipated for construction and operation of the proposed route.</p> <p>The alternatives section requires extensive revision and analysis using information from a solid socio-economic analysis, input from communities and landowners, a comprehensive review and understanding of zoning entitlements and potential land costs, and the very real safety impacts of locating a pipeline of this magnitude in a major metropolitan area.</p>
CO16-45	2.	3-13	5	<p>Because the pipeline would be located entirely within the</p> <p>The statement contained in the last line of paragraph 5 on page 3-13 is false and unsubstantiated by the data. There are numerous development plans on file with the Town of Buckeye that include</p>

CO16-45 The referenced statement, when taken in its entirety, is true. See the response to comment CO16-14.

Comments on Chapter 3: Alternatives

Comment #	Page #	Paragraph #	Document Text	Response Comment
CO16-45 (cont'd)			right of way of the existing SRP electric power transmission system ...noted above.	lots that will abut the proposed permanent ROW, resulting in direct and indirect impacts to the developer, as well as future purchasers of those lots.
CO16-46	3.	3-14	TABLE 3.4.2-1 Comparison of the North and South Buckeye Alternatives with the Corresponding Segment of the Proposed Phoenix Lateral Route (Mileposts 136.3 to 162.7)	The analysis in this table is deficient and requires substantially more data to include lots that will abut the proposed permanent ROW (more than the 70 shown in the table as within 50 feet).
CO16-47	4.	3-14	TABLE 3.4.2-1 Comparison of the North and South Buckeye Alternatives with the Corresponding Segment of the	The construction costs in this comparison do not include the real costs of land acquisition or the increased costs of construction in areas in Location Classes 1, 2, or 3. Class 3 (throughout most, if not all, of the length of the preferred alternative) would result in considerably more expense because of heavier pipe wall thickness and additional cover.

CO16-46

The number of planned residential lots that would be located within 50 feet of the permanent right-of-way of the proposed route and the Buckeye Alternatives has been revised to incorporate the reported density of planned lots in proximity to the Sun Valley developments.

CO16-47

See the response to comment CO16-20 regarding the comparative cost analysis for the Buckeye Alternatives.

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Comments on Chapter 3: Alternatives				
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CO16-47 (cont'd)			Proposed Phoenix Lateral Route (Mileposts 136.3 to 162.7)	<p>Due to existing entitlements, which substantially affect land values, the land acquisition costs along the preferred alternative would be much more expensive than this table anticipates.</p> <p>No data is included in the DEIS regarding relative land values in comparing the Buckeye Alternatives. This is a major deficiency in the analysis, since land values vary dramatically. The land acquisition and impact costs of the proposed route through the Hassayampa Valley could be an order of magnitude higher (by as much as 10 to 1) than the costs of the North and South Buckeye Alternative, which routes the pipeline away from proposed development activity.</p>
CO16-48	5.	3-15	TABLE 3.4.2-1 Comparison of the North and South Buckeye Alternatives with the Corresponding Segment of the Proposed Phoenix Lateral Route (Mileposts 136.3 to 162.7) (cont'd)	<p>A review of the factors used to compile this table confirms that the number of impacted lots was calculated with a very broad "rule of thumb." Consequently, the numbers generated are unrealistically low, inaccurate and misleading.</p> <p>Several questions arise in reviewing the discussion of the proposed alternatives. For example, the width of the pipeline ROW is not adequate for safety purposes, nor is the construction depth.</p> <p>The data for the Customer Laterals shown in the table for the Proposed Route is wrong and must be corrected, since it reflects the location of customer laterals within SRP's ROW. SRP's comments of April 5, 2007, state that Customer Laterals cannot run parallel to</p>

CO16-48

Table 3.4.2-1 accurately reflects the information gathered in analyzing the Buckeye Alternatives. WVSV's comments regarding extensive setbacks, increased burial depths, and other factors are addressed in the response to comment CO16-20.

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Comments on Chapter 3: Alternatives				
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CO16-48 (cont'd)				<p>its transmission lines.</p> <p>In the absence of improved design specifications and construction standards that would dictate otherwise, and/or the adoption of a routing alternative, WVSV requests that FERC require Transwestern to acquire a at least a 600 foot setback from the proposed centerline within all of the WVSV-related properties in order to mitigate risks associated with the pipeline. WVSV also requests that the pipeline be buried at a depth of 14 to 20 feet, depending on infrastructure limitations and subsurface conditions.</p> <p>These requested changes will substantially affect the DEIS impact analysis of the land uses and costs and should be considered and re-analyzed in Chapters 2 and 4 of a supplemental DEIS.</p>
CO16-49	6.	3-17	1	<p>Due to the added length of the North and South Buckeye Alternatives...deliveries of the project.</p> <p>What was the basis for determining a 15,000 hp compressor would be needed to offset the addition of 19 miles of pipeline to a 259+ mile long pipeline? The terrain to be crossed has a slight increase in elevation, followed by entering a wash similar to the one the Preferred alignment would follow. Without additional information, it is difficult to understand why so much compression, at such a high cost (\$30 million), would be needed.</p> <p>It appears that Transwestern may be proposing a pipeline with only the most nominal ability to deliver promised volumes. If that is the case, then any alternative proposed can be dismissed based on a cost</p>

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CO16-49 Transwestern reaffirmed the need for compression if either of the Buckeye Alternatives is adopted (see comment letter A1).

Comments on Chapter 3: Alternatives

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CO16-49 (cont'd)				figure that includes additional compression. WWSV recommends that the Engineering Review Report prepared by FERC be included in the DEIS.
CO16-50	7.	3-17	3	<p>The cost per ... of the CAP canal.</p> <p>The incremental cost increase for construction in "more rugged terrain" and for the "two crossings of the CAP canal" is not justified when current land values are considered. The conclusion reached in the paragraph cannot be substantiated as written.</p> <p>Land costs along the North and South Buckeye Alternative route are substantially lower than the costs that will be experienced from locating the pipeline along the SRP corridor through the Hassayampa Valley. Rugged terrain is unlikely to be a major factor in a realistic cost analysis. Instead, the comparison of the impact of construction on entitled project lands <i>vis-à-vis</i> raw desert will substantially affect the relative value of alternative costs, rendering the North and South Buckeye alternative preferable to the proposed alternative route.</p>
CO16-51	8.	3-17	3	<p>Transwestern estimates that ...respectively.</p> <p>Again, as stated previously in these comments, the size of the compressor is not justified in the DEIS, and additional information is requested on how the size of the compressor was determined and why it is needed.</p>
CO16-52	9.	3-17	4	<p>The primary concern ... risk posed by the proposed project.</p> <p>The DEIS fails to address any significant measure above and beyond compliance with minimum legal requirements to ensure the safety of residents and visitors to the area near the preferred alignment. No</p>

CO16-50 See the response to comment CO16-20 regarding the comparative cost analysis for the Buckeye Alternatives.

CO16-51 Transwestern reaffirmed the need for compression if either of the Buckeye Alternatives is adopted (see comment letter A1).

CO16-52 See the response to comment PM3-45.

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II-663

Comments on Chapter 3: Alternatives				
Comment #	Page #	Paragraph #	Document Text	Response Comment
CO16-52 (cont'd)				reference is made to the Special Report 281, prepared by the TRB with the full knowledge and cooperation of the FERC, in which specific issues relating to safety requirements of a pipeline of this magnitude are discussed in detail and mitigating requirements are recommended for installing natural gas pipelines in densely populated areas.
CO16-53	10.	3-18	5	As discussed in ... the nearby public. This statement contradicts the information provided in Special Report 281, referenced above, and should be corrected. All companies are required to comply with minimum legal requirements yet catastrophic failures have, and will continue, to occur, especially when high pressure natural gas lines are in close proximity to, or located within, urban areas, with high density populations and infrastructure. Therefore, construction and excavation requirements must be more extensive to assure adequate protection. Relying on "One Call" is only as good as the contractor operating the excavation equipment, and all too often, mechanical damage caused by excavation near, over, on, or under high pressure natural gas pipelines is the primary cause of pipeline failure. The likelihood of failure is increased as pipelines age - pipelines installed 50 years ago (plus or minus a decade) have begun to fail in areas all around the country, speeding the development of better cathodic protection and more frequent pipeline integrity testing.

CO16-53

See the response to comment PM3-45. The construction and excavation requirements meet the current safety standards of the PHMSA/OPS. As discussed in section 4.11.2, older pipelines have a higher frequency of outside forces incidents partly because their location may be less well known and less well marked than newer lines.

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Comments on Chapter 4: Environmental Analysis

Comment #	Page #	Paragraph #	Document Text	Response Comment
CO16-54	1.		General Comment	<p>As to the DEIS overall, WWSV has major concerns about the inadequate and frankly superficial analysis and treatment of alternatives , specifically:</p> <ul style="list-style-type: none"> • Disjointed descriptions of the different sections of alternatives make it difficult to ascertain the full range of potential impacts • Alternative exhibits are deficient. They are not tied to detailed alternative description and do not include up-to-date planning and zoning details for the affected areas. • Widely available mapping and land use analysis tools are not used to assure impacts are properly analyzed and presented. • Proximity of the proposed pipeline routing through planned developments has been minimized and poorly treated. Millions of dollars in unaccounted-for land, severance and construction costs are likely to be required to minimize risks and assure safety.
CO16-55	2.	4-1	3	<p>Four levels of impact duration the life of the project.</p> <p>WWSV would like to know why permanent impacts to planned developments are not addressed in the DEIS. The To define a permanent impact as the result of any activity that modifies a resource to the extent that it would not return to preconstruction conditions during the lifetime of the project, surely applies to the</p>

CO16-54 See the response to comment CO16-44 regarding the adequacy of the EIS.

CO16-55 See the response to comment CO16-14 regarding the placement of permanent right-of-way on lots within Valley Village and other developments in the Buckeye area. Other construction and operation related impacts of the proposed route are discussed in section 3.4.2.5.

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II-665

Comments on Chapter 4: Environmental Analysis

Comment #	Page #	Paragraph #	Document Text	Response Comment
CO16-55 (cont'd)				impact of the proposed pipeline on approved Master Planned Communities. If Transwestern pursues the preferred alternative, permanent damage would be inflicted on approved Master Planned Communities. These impacts can be mitigated if the preferred alternative is revisited and rerouted.
CO16-56	3.	4-1	4 Transwestern, as part of its reduce the impacts of the project.	Mitigation measures to reduce the impacts to developer's approved Master Plans are inadequately described in the DEIS. WYSV is unsure how Transwestern could have developed a set of mitigations measures since it was unaware of land use conflicts with approved Master Planned Communities. Since Transwestern exerted almost no effort to identify these conflicts, the Environmental Analysis is incomplete and insufficient and results in erroneous conclusions being reached about the preferred alternatives mitigatable impacts.
CO16-57	4.	4-118	General comment	The DEIS describes impacts in terms of a ROW footprint in <u>physical impact acres</u> . The impact assessment does not take into consideration "collateral" (cumulative) acre impacts to the properties of developers who will be required to redesign their Master Planned Communities and eliminate additional acres from development. The DEIS's description of impacts exclusively in terms of the physical impacts of the ROW ignores the greater cumulative impacts to approved Master Planned Communities.
CO16-58	5.	4-118	6 Because the new pipeline ... these locations would be	The DEIS states that along the length of the pipeline, the impacts would be <i>partially</i> reduced by including the pipeline within existing ROW. However, there are areas of high density use (or planned use)

CO16-56 See the responses to comments PM3-2 and PM3-12.

CO16-57 As discussed in section 3.4.2.5 the proposed project would be located within an existing powerline easement for nearly its entire length through master planned communities in the Buckeye area. Thus, the project would have little direct impact (i.e., placement of permanent right-of-way on planned lots) on those developments. Therefore, the proposed project would not necessitate the redesign of developments. Other impacts that the proposed project could have on planned developments are generally discussed in section 4.7.3.2 and specifically discussed relative to the Buckeye area in section 3.4.2.5.

CO16-58 See the response to comment CO16-14 regarding the placement of permanent right-of-way on lots within Valley Village and other developments in the Buckeye area.

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Comments on Chapter 4: Environmental Analysis

Comment #	Page #	Paragraph #	Document Text	Response Comment
CO16-58 (cont'd)			reduced.	<p>that would have additional impacts if the pipeline is not contained within the existing ROW. These areas of high impact have not been identified (location-specific information is lacking) as developers were not contacted for information on their master plans.</p> <p>In addition, safety concerns about adequate ROW widths in residential areas might require a wider ROW to protect future residents, thereby resulting in even higher impacts.</p>
CO16-59	6.	4-119	2	<p>Of the 5,439.9 acres construction with no restrictions.</p> <p>The number of 1,730.7 acres retained as new permanent ROW is based largely on the assumption that most of the pipeline would be contained within existing ROWs.</p> <p>WVSV maintains that Transwestern has failed to demonstrate that the existing ROW and ROW widths are adequate from a safety perspective as recommended in the previously-referenced 2004 study by the TRB. FERC participated in this study, which makes the case that pipelines and densely populated areas do not mix. The study concludes that:</p> <ul style="list-style-type: none"> • more extensive efforts are required to locate major gas pipelines away from developed communities and high-population centers to avoid safety risks; and; • greater setbacks, protective measures and creative monitoring are necessary to assure the safety to adjoining developments.

CO16-59

See the responses to comment PM3-45 regarding the referenced TRB study and comment CO16-20 regarding the comparative cost analysis of the Buckeye Alternatives.

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CO16-59
(cont'd)

Comments on Chapter 4: Environmental Analysis				
Comment #	Page #	Paragraph #	Document Text	Response Comment
			<p>Surprisingly, the DEIS does not address, or even refer to, the findings of this report. In fact, almost everything about the proposed routing is contrary to the best practices the TRB study recommends. WVSV therefore maintains that the ROW width for the preferred alternative does not meet the latest recommendations for residential areas.</p> <p>The Buckeye Alternatives allow the complete physical separation of the pipeline and populated areas – the optimal result from the TRB study’s perspective. The DEIS’s safety analysis should take this into account when evaluating these alternatives. If the route through WVSV and other developments remains the preferred alternative, then greater ROW widths should be considered, in which case the the 1,730.7 acres of additional ROW mentioned in the DEIS is potentially an undercount of additional acreage impacts.</p> <p>Of course, the impacts on Master Planned Communities of greater setbacks would be high and would dramatically increase to cost of the preferred alternative. For example:</p> <ul style="list-style-type: none"> • Sun Valley Development – impacts to approximately 746 acres at an estimated cost of \$22.4 million.* • Enterprise Ranch Development – impacts to 81.5 acres at an estimated cost of \$ 2.4 million.* • Midway Planned Area Development – impacts to 319 acres at an estimated cost of \$29 million.* • Elaine Farms – impacts ranging from \$3.2 million to \$7 	

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Comments on Chapter 4: Environmental Analysis

Comment #	Page #	Paragraph #	Document Text	Response Comment	
CO16-59 (cont'd)				million.* * Note: The cost estimates are based on recent land sales in the Phoenix area where about \$30,000 an acre was paid for the Trillium property adjacent to the Sun Valley properties in a transaction that was consummated in February 2007. Details on how this acre numbers were derived can be found in the comments submitted by W HOLDINGS at the Public Comment Meetings held by FERC in the Town of Buckeye on June 6 and 7, 2007.	
CO16-60	7.	4-120 – 4-122	All	Table 4.7.1-1	It is likely that the acres of land affected by the construction and operation of the proposed pipeline for developed and residential lands included in Table 4.7.1-1 are inaccurate, since the DEIS does not reflect elsewhere an understanding of the approved master plans for communities along the preferred alternative.
CO16-61	8.	4-125	1,2,3	Residential Land	The shortness of this section is proof of (1) the limited attention that the preparers of the DEIS have directed at determining the full scope of impacts (temporary or permanent) on residential developments and (2) the DEIS's lack of consideration of approved Master Plans. In its various comments, WVSV has provided more information on potential impacts to its own residential properties than the DEIS provides for the whole Phoenix Metropolitan area.
CO16-62	9.	4-132	2	Transwestern has committed the	Transwestern has not fully investigated the Master Planned Community construction schedules that have been approved by

- CO16-60 Table 4.7.1-1 reflects information on existing land use conditions and, therefore, is not inaccurate. Section 3.4.2.5 specifically addresses the planned developments in the Buckeye area and analyzes alternatives to the proposed route through the area.
- CO16-61 See the responses to comments PM3-15 and FA4-4.
- CO16-62 See the responses to comments PM3-15 and FA4-4.

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Comments on Chapter 4: Environmental Analysis

Comment #	Page #	Paragraph #	Document Text	Response Comment	
CO16-62 (cont'd)			construction work area.	municipalities located within the project area. The possibility exists that new residences and structures will be constructed before Transwestern commences with the construction of the proposed pipeline. It is unfair to place on developers the burden of demonstrating the adverse impacts of the proposed pipeline on their Master Planned Communities.	
CO16-63	10.	4-136	1	Transwestern would also arise during construction.	Based on the record of Transwestern's indifference to landowner concerns, the "Landowner Compliant Resolution Procedure" (or similar procedure) must be operational before the final environmental impact statement is issued and construction phase of the project begins. This would allow landowners greater opportunity to discuss their impact concerns proactively and identify mutually beneficial mitigations.
CO16-64	11.	4-136	4	The impact of the encumbrance... in section 4.7.2	The negotiation and resolution process suggested in the DEIS would give Transwestern an unfair advantage over individual landowners during the negotiation phase. Transwestern's documented poor record in this case for working with developers raises concerns.
CO16-65	12.	4-136	4	The pipeline safety data . . . low when compared to other human activities.	This statement is grossly underplays the impacts of a catastrophic occurrence. The concerns expressed in the above-referenced 2004 study by the TRB must be addressed.

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CO16-63

Since November 2005, Transwestern has been in communication with landowners, government and agency officials, and the general public. This communication has taken the form of public mailings, the FERC's notices, public and agency meetings, and Transwestern's easement negotiations conducted with each individual landowner. These efforts have allowed landowners sufficient time to comment on the project as well as communicate to/with Transwestern regarding concerns and to develop mutually beneficial mitigation. The Landowner Complaint Resolution Procedure discussed in section 4.7.3.1 would be implemented during construction to address construction-related issues as they arise.

CO16-64

Section 4.7.3.1 has been revised to include additional details regarding Transwestern's Landowner Complaint Resolution Procedure. Transwestern would be required to respond to any complaints or concerns within 24 hours of receiving a call from an affected party. If an affected landowner has contacted Transwestern and still feels that an appropriate response has not been provided, the landowner would be encouraged to contact the FERC directly at the contact number included in the Landowner Complaint Resolution Procedure.

CO16-65

It is not the intention of the FERC staff to underplay the impacts of a catastrophic occurrence but to clearly state the low probability for such an occurrence.

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Comments on Chapter 4: Environmental Analysis

Comment #	Page #	Paragraph #	Document Text	Response Comment	
CO16-66	13.	4-137	2	Approved and proposed...with these developments.	Due to the dynamic nature of urban growth in the project area, it is assumed that the numbers for approved developments in this paragraph of the DEIS are dated and incorrect.
CO16-67	14.	4-137	4	Based on information filed with.....with most of the other affected developers.	Successful negotiations have taken place with less than a quarter of the owners of approved or proposed developments. To date, WVSV's perception is that the negotiation and discovery process to determine impacts is disorganized and incomplete. This leads to the conclusion that the impact analysis for planned developments is fatally flawed or at best, incomplete.
CO16-68	15.	4-138 to 4-140	All	Table 4.7.3-2	The table is incomplete and the information that is provided is dated. WVSV has identified more potential impacts to its properties than are listed in the table.
CO16-69	16.	4-141	1	In compiling the information...and available plans.	As previously noted, the consultation process was incomplete. This diminishes the validity of the impact analysis.
CO16-70	17.	4-141	1	In such a case...may not have been identified by Transwestern.	This statement supports WVSV's concern that not all developers have been consulted. As a consequence, the impacts of the preferred alternative are unknown, thereby invalidating the DEIS's conclusions about it.
CO16-71	18.	4-137		General comment	A bias in the Socioeconomic Resources Analysis exists that favors positive impacts caused by the pipeline construction, but understates the impacts (negative) on land and property values. More

CO16-66

Table 4.7.3-2 has been revised in response to comments received on the draft EIS.

CO16-67

WVSV's comments regarding the right-of-way negotiation process are noted.

CO16-68

Table 4.7.3-2 has been revised to incorporate additional approved and proposed developments identified in comments on the draft EIS, including WVSV's proposed Enterprise Ranch project.

CO16-69

WVSV's comments regarding the information gathering process are noted.

CO16-70

The public outreach efforts associated with this project are described in section 1.3, and specific notification efforts associated with the Buckeye area are summarized in the response to comment PM3-1.

CO16-71

See the response to comment CO16-44 regarding the adequacy of the EIS.

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II-671

CO16-71
(cont'd)

Comments on Chapter 4: Environmental Analysis				
Comment #	Page #	Paragraph #	Document Text	Response Comment
			<p>sophisticated socioeconomic models exist that should be used to improve the quality of the analysis. Most information provided in Section 4.8 is informative in nature, but does not quantitatively support the impact analysis. This lack of quantifiable information makes it difficult to ascertain economic impacts to communities in the project area and to compare them with the costs of the different alternatives.</p> <p>Normally, the NEPA documentation process for a project of this magnitude requires a detailed technical/socio-economic report as an integral part of the analysis that would be included for the benefit of reviewers of the DEIS. This is a major omission in the Phoenix Expansion DEIS. For example, the statement made in Section 5.1.8 (see page 5-11) that construction of the project would have no significant impact on local populations, housing, employment, or provision of community services is grossly inaccurate and, at best, unsupported from the viewpoint of developers of properties that lie in the path of the proposed alternative.</p> <p>Furthermore, the ROW requirements and route chosen for the proposed alternative defined in the DEIS concludes that impacts to lots (temporary or permanent) for the Sun Valley Communities, the Midway Planned Area Development and Elaine Farms Master Planned Community are determined to be "zero" (see Table 4.7.3-2 on page 4-138). This conclusion is wrong and presents a grossly</p>	

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CO16-71
(cont'd)

Comments on Chapter 4: Environmental Analysis				
Comment #	Page #	Paragraph #	Document Text	Response Comment
			<p>inaccurate assessment of the impact of the pipeline routing on development projects. Without doubt, the construction and location of a gas pipeline within 15 feet of residential properties will cause extensive impacts to residential property values, will cause substantial and unmitigated safety risks, and will affect the economic viability and integrity of WWSV's development plans and entitlements. None of these issues has been adequately addressed or mitigated in the DEIS, and no socioeconomic analysis has been completed to provide a better understanding of the very significant impacts on the affected communities and proposed developments.</p> <p>Finally, accurate costs-to-construct estimates are very important to the analysis of the impacts on all four of WWSV's properties that are impacted by the Phoenix Extension. These costs should reflect the true land value, construction costs, mitigation costs, entitlement and future development costs for all four properties. At present, the DEIS simply ignores the land value impacts of the preferred pipeline route. An adequate NEPA document cannot be produced, nor an appropriate certificate of determination be issued, without the benefit of current, accurate, project-specific economic information and analysis by a reputable economic consultant.</p> <p>Before any decisions regarding the proposed routing of the Phoenix Lateral are reached, all parties should have access to an extensive impact analysis (supported by reliable economic information) which</p>	

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II-673

Comments on Chapter 4: Environmental Analysis

Comment #	Page #	Paragraph #	Document Text	Response Comment
CO16-71 (cont'd)			would include:	<ul style="list-style-type: none"> The estimated cost of real estate values (2007 values or projected values for the phases of development) of lands to be condemned along the proposed route vis-à-vis the estimated cost of lands for alternative routes that do not extend through proposed residential areas; The parameters used to determine the effect of the pipeline on homebuyer behavior, particularly with respect to lot sales within proximity to the pipeline right-of-way, and any studies of recent comparable pipeline location impacts on high-value residential and commercial buyer behavior; The potential long-term economic effect of the prospect for locating additional future pipelines along the right-of-way, requiring even further land acquisition for setbacks for safety or access purposes; The additional costs associated with burying the pipeline at a level sufficiently deep enough to provide safety for local homeowners and citizens living in the area, and to be located at an adequate depth to pass beneath appropriate road crossings required over the pipeline routing at various intervals;

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II-674

Comments on Chapter 4: Environmental Analysis				
Comment #	Page #	Paragraph #	Document Text	Response Comment
CO16-71 (cont'd)				<ul style="list-style-type: none"> The short and long term effect on future construction of planned developments, buildings, roads, infrastructure, businesses, schools, parks and other activities affected by the placement of a pipeline along the proposed routing; and The service and infrastructure costs to the community to assure consistent and continued safety measures for life and property.
CO16-72	19.	4-158	4	<p>Based on the projected workforce ...project facilities in Arizona.</p> <p>The DEIS focuses on project workforce. No attempt is made to determine the economic impact of pipeline construction on the housing construction workforce if construction of Master Planned Developments is delayed due to the need to complete negotiations and redesign the developments to accommodate the proposed ROW.</p>
CO16-73	20.	4-159	3	<p>While this is not a large... have a minimal impact on employment.</p> <p>This is an unquantifiable statement that adds no credence to the supposed benefit of the preferred alternative.</p>
CO16-74	21.	4-159	4	<p>As shown in table.....\$69.4 million.</p> <p>The \$69.4 million benefit to the community is negligible if compared to the potential negative impacts to planned communities located along the proposed alternative. WVSV's assessment of negative economic impacts to its planned developments alone exceeds \$57 million (see chapter 4 - comment # 6 in this table).</p>

CO16-72

WVSV's comments regarding the economic impacts on developers are noted.

CO16-73

WVSV's comments regarding the operational workforce associated with the preferred alternative and its indifferent benefit on the local economy are noted.

CO16-74

WVSV's comments regarding the economic impacts on the local economy are noted.

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Comments on Chapter 4: Environmental Analysis

Comment #	Page #	Paragraph #	Document Text	Response Comment	
CO16-75	22.	4-161	5	In Arizona.....south of MP 207.5.	It seems that no effort was made to determine how many new schools are planned in areas adjacent to the project area. This information is dated and erroneous. WWSV is aware of 11 school sites located within a quarter mile of the proposed pipeline centerline.
CO16-76	23.	4-162	2	Medical facilities along the... Medical Center in Florence.	No information is provided on the locations of existing and planned hospitals located in close proximity to the preferred alternative.
CO16-77	24.	4-164	5	The effect that a...to purchase land.	Transwestern does not appreciate the escalation of land values along the proposed alternative. If current land sale values of at least \$30,000 per acre are not recognized, appraisal methods that are subjective would be the norm, which would result in economic losses to developers. Land values are even higher once a developer has subdivided acres that have been purchased. It is WWSV's assertion that current land values have not been considered, thereby undermining Transwestern's proposed cost of the preferred alternative.
CO16-78	25.	4-165	6	The Interstate Natural Gas Association...on sale price.	The DEIS relies on a single report prepared by a gas industry-related organization to support the remarkable conclusion that the presence of a large gas transmission pipeline has no significant impact on property values. Other studies indicate that gas pipelines can have a significant effect on property values. See, e.g. <i>The Effect of Pipeline Ruptures on Noncontaminated Residential Easement Holding Property in Fairfax County</i> , The Appraisal Journal (July 1999). (Property value losses are experienced up to 5 miles away from a

Companies and Organizations

CO16-75 See the response to comment CO16-22.

CO16-76 The socioeconomic analysis provides information on existing conditions along the proposed route. Therefore, the number of hospitals presented in section 4.8.3 reflects current, existing conditions. Section 3.4.2.5 recognizes that the Buckeye development plans include hospitals in addition to residences, schools, commercial areas, and greenspaces.

CO16-77 See the response to PM3-15.

CO16-78 The study referenced in the comment addresses a pipeline rupture. The pipeline that ruptured contained petroleum and was nearly 50 years old at the time of the incident in 1993 (<http://umlibrary.org/webpac/pdf/TAJ/PipelineRuptures.pdf>). The pipeline proposed by Transwestern would be a new pipeline that has a very low potential for rupture (see section 4.11.3) and, therefore, there is no reason to assume property values would be affected.

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Comments on Chapter 4: Environmental Analysis

Comment #	Page #	Paragraph #	Document Text	Response Comment	
CO16-78 (cont'd)				pipeline rupture.) The impacts of buyer perceptions to property values should be seriously considered and made the subject of a project-specific study. The results of the 1988 study also emphasize the importance of separating the pipeline from human activity as much as possible, since the damages in case of a rupture can be massive.	
CO16-79	26.	4-165	1	If a landowner...for this issue to be addressed.	WVSV believes that this appeal process benefits Transwestern and could result in unfair legal costs to all developers.
CO16-80	27.	4-166	2 and 3	The amount of revenue...paid for the life of the project.	No effort is made to compare pipeline-related tax revenues with tax revenues of housing and businesses that could be impacted by the location of the preferred alternative. The revenue benefits of the pipeline are believed to be negligible if compared to other tax revenue streams.
CO16-81	28.	4-166 to 4-167	All	General comments	The Environmental Justice Section review is inadequate and allows no conclusions to be made on the impacts to disadvantaged communities by the preferred alternative. Because the table contains only county level census data, it is impossible to determine where disadvantaged communities are located, and therefore it is impossible to make any conclusive statements about such communities along the proposed alternative. The demographic data contained within the tables is dated. More

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- CO16-79 WVSV's comments regarding the appeal process and unfair legal costs to developers are noted.
- CO16-80 WVSV's comments regarding the pipeline tax revenues versus housing and business tax revenues are noted.
- CO16-81 See the response to comment PM3-30.

II-677

Comments on Chapter 4: Environmental Analysis				
Comment #	Page #	Paragraph #	Document Text	Response Comment
CO16-81 (cont'd)				recent county and state demographic data should be referenced. The high minority population's percentages and the high percentage of those living below the poverty line is also ignored.
CO16-82	29.	4-170	2	Several areas...Spring 2007. This paragraph apparently contradicts paragraph 5 on page 4-169. On this page, it appears that Transwestern had not completed its cultural resources survey at the time of the DEIS's submittal. If that is so, then it is impossible to determine if any avoidance actions will have to occur and whether additional avoidance mitigation measures might cause unexpected impacts. WWSV is unsure how Transwestern could have completed its cultural resources impact analysis if the survey was not complete.
CO16-83	30.	4-200	6	As discussed...alternative to the proposed route. WWSV feels that the legitimate safety concerns of developers in Buckeye are being ignored and requests that a safety study based on the recommendations of the previously-cited TRB study be completed to determine the potential impacts of an accident and the measures necessary to mitigate the impacts of such an event.
CO16-84	31.	4-202	2	The available data...death to members of the public. This statement underplays the potential impacts of a catastrophic occurrence should one occur in a densely inhabited residential area.
CO16-85	32.	4-203 to 214	All	General comment The cumulative impact analysis is a critical portion of the environmental impact statement for any major federal action of the magnitude of the Phoenix Extension Project. The cumulative impact

CO16-82

Transwestern's recommendations for avoiding impacts on cultural resources discussed in section 4.9.1 relate specifically to cultural resources that Transwestern has identified in its currently completed surveys. However, Transwestern has not yet completed all of its cultural resources surveys for the proposed project. Therefore, the FERC staff has recommended in section 4.9.4 that Transwestern shall complete its cultural resources surveys before construction (see the response to comment LA2-225).

CO16-83

See the response to comment PM3-45.

CO16-84

See the response to comment CO16-65.

CO16-85

See the responses to comments PM3-2, PM3-36, and PM3-48.

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CO16-85
(cont'd)

Comments on Chapter 4: Environmental Analysis				
Comment #	Page #	Paragraph #	Document Text	Response Comment
			<p>analysis in the DEIS, however, is only a few pages long, and is inadequate because it does not take cumulative impacts seriously. This is a serious deficiency that must be rectified.</p> <p>The DEIS is deficient in its description of the affected geographic areas of western Maricopa County, the Town of Buckeye, the City of Casa Grande, and, for that matter, central Arizona. It is disturbingly silent on the cumulative actions of other federal, state, city, and private sector economies, tax base, proposed developments and population growth within the study area.</p> <p>In Table 4.12-1 (pages 4-206 - 4-207), the DEIS makes an attempt to provide a list of existing or proposed activities that will have a cumulative impact on the proposed alternative. This list is incomplete in describing the affected communities and proposed development, and it inaccurately characterizes their status of the development activity.</p> <p>The DEIS's Cumulative Impacts Analysis focuses narrowly on the proposed pipeline and makes no mention of the growth forecasts for Phoenix Metropolitan area (available from the Maricopa County Association of Governments), which are based on socio-economic analysis of the region and policy input from the Town of Buckeye and Maricopa County, as well as other jurisdictions in the broader region.</p>	

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CO16-85
(cont'd)

Comments on Chapter 4: Environmental Analysis				
Comment #	Page #	Paragraph #	Document Text	Response Comment
				<p>The Phoenix Metropolitan area is an area affected by dynamic growth, complex land use, and transportation planning, and supports extensive movement of people and supporting land developments. WWSV is concerned about the DEIS's lack of detail and the failure of its preparers to ascertain what the current and proposed developments exactly are. This section requires much more input from local and Federal Government agencies, and stakeholders, as well as in-depth research to ascertain the full range of developments proposed for the project study area.</p> <p>The lack of any description of potential impacts from actions in other states is also an area of concern, as is the lack of a description of past actions that could contribute to current and future action's cumulative impacts.</p>

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Comments on Chapter 5: Conclusions and Recommendations

CO16-86

Comment #	Page #	Paragraph #	Document Text	Response Comment
1.	5-1 to 5.16	All	Summary of the Agency Staff's Environmental Analysis	Since the DEIS contains many inaccurate and unsubstantiated assumptions and conclusions, as demonstrated by the above comments, it is the conviction of WWSV that the summary and conclusions are incomplete and erroneous.

CO16-86 See the response to comment PM3-2.

CO16-87

2.	5-17 to 5-34	All	FERC Staff's Recommendations	<p>FERC's mitigation recommendations are mainly regulatory and required by law.</p> <p>In light of Transwestern's inadequate consultation efforts, WWSV requests that FERC include mitigation measures that would protect the property values and rights of landowners and developers.</p>
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CO16-87 See the response to comment PM3-2.

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Attachment B

189-II



State's biggest planned development gets bigger

Glen Creno
The Arizona Republic
Feb. 2, 2007 03:49 PM

The people behind the state's largest master planned development increased their holdings in Buckeye's Sun Valley by paying more than \$86 million for the project next door.

The principals of Douglas Ranch, a 35,000-acre project west of the White Tank Mountains, bought the 3,000-acre Trillium project for nearly \$86.3 million in two transactions that closed this week, real estate records say.

The acquisition of Trillium gives the developers frontage on the Sun Valley Parkway and the chance to develop both projects in tandem so they have similar themes. Site work has started on Trillium. Douglas Ranch is not under construction. Together, the two projects have been approved for more than 90,000 homes, Buckeye planners say.

Both projects have large commercial and entertainment components.

"This can't be a bedroom community and we all know that," said Tom Hennessy, Douglas Ranch's general manager.

Developers hope Sun Valley will be one of the Phoenix area's housing and development growth spots for years to come. Several big developments are either planned or are being built in the area, including Sun City Festival, Tartesso, and one of Pulte Home's Anthem communities.

El Dorado Holdings, JDMD Investments, and Apollo Real Estate Advisors bought Trillium. El Dorado and JDMD are the principal owners of Douglas Ranch.

Phoenix-based El Dorado developed Rancho El Dorado Ranch in Maricopa and other projects. JDMD's principals are Phoenix business moguls Jerry Colangelo, David Eaton, Mel Shultz and Dale Jensen. Apollo is a private real estate investment partnership.

Denver-based JF Cos. was the seller. Nate Nathan of Nathan & Associates brokered the sale.



June 18, 2007

Honorable Joseph T. Kelliher
Chairman
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: *Transwestern Pipeline Company, LLC*, Docket No. CP06-459-000
Continued Support of Phoenix Lateral

Dear Chairman Kelliher:

CO17-1

Gila River Power, L.P. ("Gila River") supports the "Phoenix Expansion Project" proposed by Transwestern Pipeline Company, LLC ("Transwestern"). Gila River, which owns and operates the largest natural gas-fired electric generation facility in North America (a 2,200 MW plant in Maricopa County, Arizona),¹ will be a shipper on the Phoenix Expansion Project, supports Transwestern's application for certificate authorization under section 7(c) of the Natural Gas Act, 15 U.S.C. § 717f(c), and, as it did in a timely motion to intervene filed on October 11, 2006, urges the Commission to grant the requested authorization as soon as possible.

On September 15, 2006, Transwestern filed a request for certificate authorization to (1) construct and operate approximately 25 miles of pipeline looping on its existing San Juan Lateral, and approximately 259 miles of new interstate pipeline from a point on Transwestern's existing mainline facilities near Ash Fork, Arizona to markets in Yavapai, Maricopa and Pinal counties, Arizona, and customer laterals, meter stations and ancillary facilities (the Phoenix Pipeline Project), and (2) to acquire an undivided ownership interest in the East Valley Lateral and to utilize such facilities to provide service in connection with the Phoenix Pipeline Project. These projects are collectively referred to as the Phoenix Expansion Project.

Gila River, an anchor shipper on the Phoenix Expansion Project reiterates its support of the project and the proposed routing for two reasons. First, Gila River and other electric generators in the Phoenix area need the additional gas transportation capacity that will result from the construction of the Phoenix Expansion Project. Second, the requested certificate authorization should be granted as soon as possible, so that Transwestern can begin construction and place the project in-service by summer 2008, which in turn will allow Gila River and other generators to utilize the expansion capacity and have access to additional supplies.

¹ Gila River is a wholly-owned subsidiary of the Entegra Power Group.

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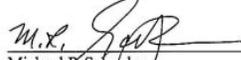
CO17-1

Gila River Power, L.P.'s comments expressing support for the proposed project are noted.

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CO17-1 | In sum, Gila River respectfully requests that the Commission approve, as soon as possible, Transwestern's certificate application in Docket No. CP06-459-000.

Respectfully submitted,



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Entegra Power Group

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cc: Commissioner Suedeen G. Kelly
Commissioner Philip D. Moeller
Commissioner Marc Spitzer
Commissioner Jon Wellinghoff

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATION COMMISSION

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

DESERT CREEK DEVELOPERS'
PRELIMINARY COMMENTS ON THE
DRAFT ENVIRONMENTAL IMPACT STATEMENT

The Developers of the Desert Creek master planned community hereby submit their preliminary comments to the Draft Environmental Impact Statement (DEIS) issued in the above-captioned case.

I. Identification of the Desert Creek "Developers."

Numerous parties and entities have an interest in this proceeding as owners and developers of the Desert Creek master planned community located in Pinal County, Arizona. The owner/developers are: Buckeye 1680, LLC; Mt. Baldy LP; Neal Management, LLC; ANC Irrevocable Trust; Timothy & Kristen Cowley; Loren & Suzette Tyler; Buckeye Hassayampa, LLC; and Desert Creek MPC, LLC (collectively referred to herein as "Developers"). These Developers filed a Motion to Intervene in this matter as the proposed Transwestern Phoenix Expansion alignment crosses a portion of the Desert Creek master planned community and interferes with the planned development of the property.

II. Preliminary comments.

CO18-1

The Desert Creek Developers want to thank the FERC staff for ordering Transwestern to work with the developers to eliminate impacts on Desert Creek lots that this alignment will cause. We appreciate the FERC staff's recognition of the unique

II-685

Companies and Organizations

CO18-1

Development plans for the Buckeye area have not been overlooked and are addressed in sections 3.4.2.5 and 4.7.3.2. Buckeye is expected to develop over the next several decades and eventually house more than one million people within an area of approximately 600 square miles.

The draft EIS was prepared in accordance with NEPA, CEQ guidelines, and other applicable requirements. The draft EIS is comprehensive and thorough in its identification and evaluation of the environmental impacts of the proposed project and feasible mitigation measures to reduce those effects wherever possible. The draft EIS includes sufficient detail to enable the reader to understand and consider the issues raised by the proposed project and addresses a reasonable range of alternatives. Furthermore, the analysis in the draft EIS contains sufficient information to allow the Agency Staffs to conclude that neither the North nor South Buckeye Alternative represents an environmentally preferable or economically viable alternative to the proposed route through the Buckeye area. In its comments on the draft EIS (see comment letter FA4,) the EPA supported the Agency Staffs' conclusion that the proposed route through the Buckeye area would result in fewer adverse environmental impacts than the North and South Buckeye Alternatives. Nevertheless, in response to other comments on the draft EIS, section 3.4.2.5 has been revised to include additional analysis of the Buckeye Alternatives in comparison with the corresponding segment of the proposed route. The Agency Staffs' conclusion remains unchanged in the final EIS.

CO18-1
(cont'd)

impacts on this development that the pipeline alignment will have and its attempt to rectify this issue. The Desert Creek Developers generally concur in the preliminary comments submitted in this matter by the Town of Buckeye and numerous other development entities and stakeholders affected by the proposed alignment of the Phoenix Expansion. The DEIS lacks a thorough discussion of the proposed alternatives and generally accepts Transwestern's consistent efforts to trivialize the impact on the surrounding approved and planned master planned communities in one of the fastest growing areas in the United States. This alignment truly sights the line down the middle of "Main Street USA" in an area housing over one million people and deserves an incredibly careful and measured investigation.

- a. Transwestern has not embraced the direction it received in the DEIS concerning Desert Creek.

CO18-2

We initially must thank the Commission for directing Transwestern to "work with" the Developers of Desert Creek. FERC staff recommended that:

Transwestern shall work with the developer of Desert Creek to develop measures to avoid or minimize impacts on the Desert Creek development. A report describing these measures shall be filed with the Secretary during the draft EIS comment period for analysis.

Unfortunately, but for a brief conversation with legal counsel a little more than a week before the comment period expired, Transwestern has not approached the Developers of Desert Creek with any specific mitigation proposals or engaged in any meetings designed to help them formulate such plan. Further, Transwestern has not filed the report required by the Commission above. As the deadline for submitting comments to the DEIS is approaching, the Desert Creek Developers are extremely skeptical that Transwestern will engage in good faith efforts with the Developers to mitigate the impact

Companies and Organizations

CO18-2 Desert Creek's comment expressing skepticism that Transwestern will engage in good faith efforts with the developers to mitigate impacts on the Desert Creek project is noted.

CO18-2
(cont'd)

of the Phoenix Expansion Project on the Desert Creek subdivision and comply with the express provisions of the DEIS. As stated in our Motion to Intervene, the proposed alignment will severely curtail and disrupt development plans for the property and decrease property values making proper mitigation essential.

b. Final EIS must impart detailed instructions regarding mitigation in Desert Creek.

CO18-3

In the event that Transwestern does submit a mitigating proposal to the Desert Creek Developers, the Developers must reserve the right to submit additional comments to any specific mitigation efforts and such comments must be considered and incorporated into the Final EIS issued by the Commission. Given Transwestern's history of failing to fully comply with and respond to inquiries and directions from FERC staff it is absolutely essential that the Final EIS incorporate clear and unambiguous directions to Transwestern for mitigating impacts in the Desert Creek community. The following findings and directions must be included in the final EIS to be sure Transwestern will comply with the FERC's ruling: 1) Transwestern shall insure that no portion of its easement crosses any lot within the Desert Creek subdivision; 2) Transwestern will avoid impacts on lots by sharing right-of-way with planned roads and open space areas within Desert Creek; 3) The Desert Creek developers will provide Transwestern with a proposed alignment that eliminates impact on lots in the community to assist Transwestern in locating the pipeline in compliance with conditions one and two above; and 4) Transwestern shall bury its pipeline at depths that will allow the development's wet and dry utilities to be buried underground at their normal and appropriate depths as if the Transwestern pipeline were not in place.

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Companies and Organizations

CO18-3 The recommendation in section 3.6 has been revised to provide further direction to Transwestern and the developers of Desert Creek to develop a route variation that would reduce project impacts on the proposed development (see also mitigation measure number 13 in section 5.3). Transwestern would not be required to ensure that no portion of its easement would cross any lots within Desert Creek because such an alignment may not be reasonable or feasible. Transwestern would also not be required to bury the pipeline at a substantial depth in order to reduce potential conflicts with future utilities. See the response to comment PM3-7 regarding future utility crossings in the Buckeye area.

c. Proposed location of pipeline in accordance with FERC direction.

CO18-4

In order to comply with FERC direction to mitigate damages and minimize the impact to the Desert Creek community, Transwestern should locate the pipeline to avoid crossing the Desert Creek community as described below. Because FERC recommended deviation from the location of the pipeline in the SRP right-of-way to avoid a flood control structure, it would be beneficial to continue the deviation generally following along the immediate west of the western most property line of the Desert Creek property (see attached Exhibit A). As the western border of the community is located along the Hassayampa River, this proposed route is ideal because there are no current plans for development of the property adjacent to the River. Another additional benefit of this alternative is that it will increase safety to residents by avoiding the heart of a master planned community with approximately 8500 homes.

d. Consideration of proposed alternatives.

CO18-5

Again, the Desert Creek Developers generally concur in the opinions and comments of the Town of Buckeye and other developers and stakeholders that the Commission inadequately considered all potential alternatives to the proposed alignment. It is also apparent that Transwestern has presented incorrect and possibly misleading information to the Commission regarding the alternatives. For instance, in considering the North and South Buckeye Alternatives, the Commission noted that Transwestern estimated, and presumably represented to the Commission, that the Alternatives "would place a permanent right-of-way on approximately 642 and 835 residential lots" in abutting developments. DEIS at 3-13. However, the Commission then correctly found, upon submission of correct information by the developers of the abutting master planned

Companies and Organizations

CO18-4 See the response to comment CO18-3 and the revised text in section 3.6.

CO18-5 The evaluation of the Buckeye Alternatives was not based solely on costs, although for an alternative to be adopted as the preferred alternative, it must be economically viable. Transwestern has stated that the additional costs associated with the Buckeye Alternatives would render the project uneconomic. The conclusion that the Buckeye Alternatives analysis was based solely on cost ignores the increased environmental impacts that would be associated with constructing an additional 19 miles of 36-inch-diameter pipeline through a sensitive desert environment and the impact that construction and operation of additional compression would have, primarily on air quality. In its comments on the draft EIS, the EPA supported the conclusion that the proposed route would result in fewer adverse environmental impacts than the Buckeye Alternatives, and specifically noted that the additional construction emissions associated with the longer Buckeye Alternatives would be a "significant adverse impact, especially in Maricopa County which is in nonattainment of national air quality standards for ozone and particulate matter" (see comment letter FA4).

689-II

CO18-5
(cont'd)

communities, that the actual impact on surrounding residential lots would be significantly less than Transwestern anticipated – only 50 lots for the North Buckeye Alternative and 95 lots for the South Buckeye Alternative. *Id.*

This misrepresentation and calculated attempt by Transwestern to discredit the viability and credibility of the alternatives suggests that the Commission's analysis of the alternatives may be based on misleading or inaccurate information. Further, it appears that one of the major reasons for rejecting the Buckeye Alternatives was cost. The Commission noted that "Transwestern has stated that these additional capital costs render both of the Buckeye alternatives economically unacceptable." DEIS at 3-17. Yet the Commission failed to consider the economic impact on the Desert Creek subdivision and other surrounding master planned communities, the Town of Buckeye, taxpayers, and homebuyers in the Town of Buckeye. These findings must be considered and incorporated into any Final EIS evaluating the alternatives.

III. Conclusion.

CO18-6

The Desert Creek Developers contend that the proposed alignment recommended by Transwestern and tentatively accepted by FERC will disrupt development plans for the property and decrease property values. The DEIS failed to adequately consider the alternatives and also failed to specifically direct Transwestern on how to mitigate the impacts of the proposed alignment on the Desert Creek master planned community. We respectfully request that the Commission thoughtfully consider these comments.

Companies and Organizations

CO18-6 See the response to comment CO18-1.

Respectfully Submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that he has caused a copy of this Desert Creek Developers' Preliminary Comments to be served via email to all parties listed on the official service list compiled by the Secretary in the instant matter.

DATED this 18th day of June, 2007

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EXHIBIT A

Proposed Location of Pipeline

[See following maps]

Non-Internet Public

FINAL ENVIRONMENTAL IMPACT STATEMENT FOR THE
PROPOSED PHOENIX EXPANSION PROJECT
Docket No. CP06-459-000

Volume II; CO18 Unnamed map

Page II-692

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public.referenceroom@ferc.gov.

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Non-Internet Public

FINAL ENVIRONMENTAL IMPACT STATEMENT FOR THE
PROPOSED PHOENIX EXPANSION PROJECT
Docket No. CP06-459-000

Volume II; CO18 Desert Creek Land Use Map

Page II-693

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UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

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

COMMENTS OF SOUTHWEST GAS CORPORATION ON DRAFT
ENVIRONMENTAL IMPACT STATEMENT

CO19-1

Pursuant to the April 27, 2007 Notice in this docket, Southwest Gas Corporation (“Southwest”) comments on the draft Environmental Impact Statement (“EIS”). Southwest, a local distribution company (“LDC”), serves over 900,000 natural gas customers throughout the State of Arizona, including within the Phoenix metropolitan area. Southwest supports the Phoenix Expansion Project for which approval has been sought by Transwestern Pipeline Company, LLC (“Transwestern”) in this case. The Phoenix Expansion Project is critical to the future energy needs of the State of Arizona and should be approved without delay.

In support of its comments, Southwest shows as follows:

I.

The Phoenix Expansion Project Will Benefit Southwest’s Retail LDC Customers Within Arizona

Southwest’s Arizona LDC facilities serve retail consumers throughout Arizona, including customers in the greater Phoenix metropolitan area. As Arizona is one of the fastest growing states in the United States it would receive substantial infrastructure, and competitive and reliability benefits from the Project. Within the Phoenix metropolitan area, Southwest currently receives interstate pipeline service only from El Paso Natural Gas Company (“El Paso”), because, as acknowledged by the draft EIS (e.g., p. 1-2), there

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Companies and Organizations

CO19-1 Sections 1.1 and 3.4.2.5 have been revised to incorporate SWG’s comments regarding the purpose and need of the proposed project.

CO19-1
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is no competitive pipeline alternative to El Paso service. As discussed in the draft EIS (e.g., pp. 1-1 - 1-3), the Phoenix Expansion Project will establish a second interstate pipeline interconnection near the Phoenix market area, facilitate pipeline-on-pipeline competition into central Arizona, and encourage additional gas supply competition from market center development within Arizona. Any potential future market area storage facility proposal by El Paso, even if a feasible project, would not provide the same pipeline-on-pipeline competition and infrastructure benefits as the Phoenix Expansion Project. In light of the competitive, gas supply, capacity infrastructure, and reliability benefits, the Phoenix Expansion Project is critical to the future energy needs of the State of Arizona.

II.

The Draft EIS Properly Addresses Reasonable Alternatives to the Project

CO19-2

The draft EIS properly addresses reasonable alternatives. See draft EIS, pp. 3-1 to 3-43. NEPA does not require FERC to consider speculative or uneconomic alternatives.¹ The draft EIS properly rejects the no-action and postponed-action alternatives, because the Phoenix Expansion Project is critical to introducing competition into the interstate capacity market and to the future energy needs of Arizona. The proposed Phoenix Expansion Project facilities will provide interstate pipeline transportation competition

¹ See Fuel Safe Washington v. FERC, 389 F.3d 1313, 1324 (10th Cir. 2004) (“agency is only obligated to consider reasonable, non-speculative alternatives”); Weaver’s Cove Energy, LLC, 112 FERC ¶ 61,070, at P 104 (2005) (technically or economically infeasible or impractical alternatives need not receive the same detailed level of scrutiny as more reasonable alternatives), reh’g denied in pertinent part, 114 FERC ¶ 61,058, at PP 56-57, 68 (2006); Public Util. Dist. No. 1 of Chelan County, 107 FERC ¶ 61,280, at P 68 (“broad-brush suggestions” that are “too vague to allow credible analysis” are not reasonable alternatives), reh’g granted on other grounds, 109 FERC ¶ 61,208 (2004).

Companies and Organizations

CO19-2

Section 3.4.2.5 has been revised to incorporate SWG’s comments regarding the benefits that the Phoenix Expansion Project would provide to its Arizona customers in general and specifically the developing area west of Phoenix.

CO19-2
(cont'd)

and necessary infrastructure to central Arizona. There is no realistic, feasible alternative to the Phoenix Expansion Project, and certainly no alternative that would involve less construction, since the Phoenix Expansion Project will avoid substantial construction within the Phoenix metropolitan area by utilizing an undivided interest in the existing 36.7-mile, 24-inch diameter East Valley Lateral pipeline owned by El Paso. See, e.g., draft EIS, pp. ES-1, 2-1, 2-6. In addition to these obvious benefits, the area west of Phoenix is developing rapidly and the Phoenix Expansion Project, as proposed by Transwestern, will have a direct and positive impact on the specific amount of future transmission and distribution infrastructure construction necessary to fulfill these important and imminent energy needs.

Wherefore, Southwest supports prompt authorization of the Phoenix Expansion Project consistent with the mitigation measures set forth by the draft EIS.

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By /s/ Electronically Filed
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Dated: June 18, 2007

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 Commission in this proceeding.

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

/s/

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