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June 25, 2012

Jeffrey D. Wiese
Associate Administrator for Pipeline Safety
United States Department of Transportation
Pipeline and Hazardous Materials Safety Administration
1200 New Jersey Avenue, SE
Washington, DC 20590

Re: Survey on National Progress of Replacing Cast Iron Pipelines

Dear Mr. Wiese:

As outlined in our initial response, dated April 11, 2011, to Secretary LaHood's request for information on this topic, there are no known cast iron pipelines currently operating in the State of Nevada. However, the Public Utilities Commission of Nevada ("PUCN") via its Pipeline Safety Staff has, for some time now, been working with our two large Local Distribution Companies ("LDCs") to replace other "aging" and/or "higher risk" natural gas pipelines. Both Southwest Gas Corporation ("SWG") and NV Energy have been aggressively replacing higher risk pipeline systems since the mid 1990's, and those efforts continue today. Since the PUCN's initial response on this topic, progress has been made in several different areas, including the following:

1. NV Energy North (Reno area) has replaced roughly 300,000 linear feet ("lf") of bare and coal tar coated pipe, which includes all known bare steel pipe in their system, and expects to complete replacement of its remaining coal tar enamel coated steel pipe within the next five years. With these replacements, NV Energy North will be left with a very small amount of pre-1963 steel pipe and none of a vintage prior to 1957. As part of Docket No. 10-06004, the PUCN authorized NV Energy to begin recovering the first set of costs associated with the replacement of this coal tar enamel coated pipe.

2. On September 7, 2011, as part of Docket No. 11-03029, the PUCN approved a special accounting mechanism to allow SWG to defer and request recovery of costs associated with accelerating the on-going replacement of PVC and Aldyl A/HD plastic pipe for the years 2012 and 2013. SWG is spending approximately $11 million per year on these accelerated pipeline replacements above the approximately $7 million per year previously established in rates. SWG is currently planning to continue this accelerated replacement with a goal of having all earlier vintage plastic pipe ("EVPP") replaced by the end of the year 2020. SWG

has estimated the cost of this accelerated replacement to be approximately $150 million above what the replacement cost would have been if the pace of replacement had remained at the historical rate.

3. On June 6, 2012, as part of Docket No. 12-05002, the PUCN approved opening an investigation to examine the possible replacement of pipelines and transfer of operating and maintenance responsibility for the remaining master meter natural gas pipeline systems owned and operated by mobile home parks ("MHP") and multi-family housing complexes to our large LDCs. As PHMSA is well aware, it is not just the LDC pipeline systems that are aging or at higher risk. Many pipeline systems owned and operated by small, third-party providers are facing similar challenges. With the rules and regulations regarding the operation and maintenance of distribution pipeline systems becoming more and more complex, and especially given the new DIMP requirements, the PUCN's Pipeline Safety Staff is concerned that MHPs and other small system operators may lack the knowledge and resources to comply with these changing regulations and maintain the integrity of their pipeline systems. Although this investigation is just getting underway, Nevada's two large LDCs (SWG and NV Energy) have filed comments outlining their plans to participate fully in the Docket and have expressed preliminary support of the concept of LDCs replacing and taking over those natural gas customers currently being served by MHPs and other small operators.

In closing, the PUCN is committed to pipeline safety and addressing the issue of aging and higher risk pipeline infrastructure. Nevada has one of the lowest leak rates of any state in the country and has one of the most aggressive One-Call/Third Party Excavation Damage enforcement programs. With leaks and third party damage being two of the main causes of gas related incidents, Nevada believes it is leading by example when it comes to pipeline safety. The PUCN Pipeline Safety Staff has also been performing a detailed review of steel pipelines operating at pressures above 100 psig, including distribution pipelines operating at elevated pressure, low stress transmission pipelines operating at pressures that produce a hoop stress between 20% and 30% of SMYS, and high stress transmission pipelines operating at pressures that produce a hoop stress at or above 30% of SMYS. These efforts have resulted in numerous Notices of Probable Violation being issued to operators, numerous pipeline replacements being performed, and several civil penalties being assessed.

The PUCN appreciates the opportunity to provide periodic updates on the issue of aging and higher risk natural gas pipelines.

Sincerely,

Crystal Jackson

Crystal Jackson
Executive Director

cc: Anne-Marie Cuneo, Director of Regulatory Operations