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Executive Director

April 11, 2011

Honorable Secretary Ray LaHood  
United States Department of Transportation  
1200 New Jersey Avenue, SE  
Washington, DC 20590

Re: Pipeline Safety Forum - Aging Pipeline Infrastructure

Dear Secretary LaHood:

The Public Utilities Commission of Nevada (“PUCN”) via its Pipeline Safety Staff has been working with the Local Distribution Companies (“LDCs”) in the State regarding the replacement of certain “aging” and “high risk” types of natural gas pipe for some time. To date the PUCN has never mandated a specific pipeline replacement program or enhanced maintenance activities, nor has the PUCN implemented any type of rate surcharge mechanism to facilitate pipeline replacement work.<sup>1</sup> This lack of a need for a mandated pipe replacement program (and rate surcharge) is largely due to the success the PUCN and its Staff have had in working with the jurisdictional gas LDCs to identify pipelines that have high leakage rates, compared to the norm for the state, and then to address the concerns associated with those pipelines in a judicious and cost effective manner.

These efforts over the past 12-15 years have led to PVC and Aldyl A/HD PE plastic pipe being subject to annual leakage surveys outside of designated business districts in excess of the 5 year leakage survey requirement in the code, implementation of integrity management analysis via equations/algorithms to identify pipe that warrants enhanced monitoring or replacement, and extensive replacement of such problematic pipelines.

For example, as of the end of 2010:

1. NV Energy North (Reno area) has replaced roughly 250,000 linear feet (“lf”) of bare and coal tar coated pipe, which includes all known bare steel pipe in their system, and expects to

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<sup>1</sup> The PUCN currently has a Docket pending before it (Docket No. 11-03029) in which Southwest Gas Corporation (“SWG”) is requesting special accounting treatment of costs associated with certain enhanced reliability and PVC pipe replacement projects that SWG is accelerating construction of this year.

complete replacement of its remaining coal tar coated steel pipe in the next 5 to 7 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 a 2011 general rate case proceeding, the PUCN authorized NV Energy North to begin recovering the first set of costs associated with the replacement of this coal tar coated pipe.

2. The future plan is for NV Energy North to focus on replacing all remaining pre-1963 steel pipe before switching its focus to pre-1967 steel pipe, as all steel pipe installed in 1967 and later had Xtru coat polyethylene plastic coating and cathodic protection (“CP”), via anodes, at the time of the original installation.
3. SWG (Las Vegas and Carson City areas) has replaced approximately 6,400,000 lf of the approximately 9,600,000 lf of PVC plastic mains and services installed prior to 1975. In 1975 SWG switched to PE pipe for its plastic mains and service. It is the hope of the PUCN Staff that all PVC mains and services will be replaced in or around the 2020 time period.
4. SWG has replaced in excess of 250,000 lf of pre-code (pre-7/1970) steel main and services, including all bare steel mains and services.
5. SWG has replaced a significant amount of Aldyl A medium-density PE and Aldyl HD high-density PE installed by CP National in the City of Henderson since SWG acquired the system from CP National in 1991.
6. The PUCN Staff has confirmed that cast/wrought iron or ductile iron pipe was either never installed in Nevada or was replaced long ago. Additionally, no CAB, ABS or PB plastic was ever installed in Nevada, and all bare steel pipe that had been installed has now been replaced.

The PUCN Staff is also now working with the LDCs on a detailed review of the situation with steel pipelines operating at pressures above 100 psig, including distribution piping 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). This effort will help define how much and what type of high pressure (“HP”) piping there is in the state, the vintage and era of the pipe installations, what level of integrity management planning is being applied to each type of HP piping, and what percentage of high stress transmission piping can currently accommodate the insertion of “smart pigs” and what is being done to increase this percentage.

Additionally, in 2007, the Nevada Legislature passed one of the Country’s most aggressive One-Call/Third Party Damage Laws and gave authority for monitoring and enforcing that One-Call Law

to the PUCN and its Pipeline Safety Staff. Since the passage of that One-Call Law, Nevada has seen its third-party damage rates drop by more than 80 percent. With third-party damage being the single greatest risk to pipeline infrastructure, Nevada's One-Call law has been instrumental in keeping the public safe and the gas systems in the State operating reliably.

The PUCN appreciates the opportunity to provide input to the upcoming forum regarding the safety and integrity of the nation's pipeline infrastructure.

Yours truly,

A handwritten signature in black ink that reads "Crystal Jackson". The signature is written in a cursive style with a large, sweeping flourish at the end.

Crystal Jackson

Executive Director  
Public Utilities Commission of Nevada