

Mr Robert Gray  
c/o Arizona Corporation Commission  
1200 W. Washington  
Phoenix, AZ. 85007

September 24, 2003  
Phoenix, AZ.

Re: Comments Submitted Pursuant to Arizona Corporation Commission's Strawman Proposal on Natural Gas Infrastructure Matters in Arizona (NOI) (Submitted Electronically)

Dear Mr. Gray:

At the September 10<sup>th</sup> Arizona Corporation Commission (ACC) Workshop on the Notice of Inquiry on Natural Gas Infrastructure Matters (NOI), the ACC invited additional comments from the public in response to the questions raised either in the Staff Strawman Proposal or in the NOI itself.

Power Up Corporation has proposed to construct the Coronado Pipeline from the San Juan Basin area into the State of Arizona, from the Arizona-New Mexico border along Interstate-10, then along the Tucson-Phoenix corridor, and terminating west of the Phoenix metropolitan area near the Hassayampa Hub. This route enables much of Arizona's population base to access natural gas off of Coronado. The Coronado Pipeline would service exclusively the New Mexico and Arizona natural gas markets/customers and offer access to gas supplies primarily in the San Juan and northern Rockies Basins, as well as access to the Permian and Anadarko Basins via interconnects.

Power Up notes in the context of natural gas storage a distinction between short- and long-term storage capacity should be recognized. Short-term storage capacity or capacity to support large intra-day swings in gas consumption, may be furnished cost effectively through additional pipeline capacity. Long-term or seasonal storage is on the other hand the purview of true gas storage facilities.

The ACC noted in its September 10<sup>th</sup> presentation that "Arizona utilities as a general principle should pursue a diverse natural gas supply portfolio which takes into account relevant factors including cost, reliability, flexibility, safety, and price stability". Power Up would recommend that regulatory reliability be included too. Proposals to expand local natural gas infrastructure that also invite future regional regulatory disputes such as occurred before FERC on the El Paso System are not beneficial to Arizona-based customers.

Thank you for your time.

Sincerely,

Doug Fant  
For Power Up Corporation