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ARIZONA CORPORATION COMMISSION

August 20, 2003

Dear Interested Party:

On April 15, 2003, the Arizona Corporation Commission (Commission) Staff issued a Notice of Inquiry (NOI) on natural gas infrastructure in Arizona. The NOI contained a variety of questions regarding the Commission's approach to natural gas infrastructure issues. The Commission has received a number of responses to the NOI. These responses are available for viewing on the Commission's website: www.cc.state.az.us.

The Commission has scheduled a workshop on September 10, 2003 to provide the opportunity for additional discussion of Arizona natural gas infrastructure issues. The workshop is scheduled from 1:00 p.m. to 5:00 p.m. in the Commission's hearing room. Attached is an agenda for the workshop.

In the future, information in this matter will be distributed via e-mail. If you wish to be included in the e-mail distribution list, please indicate this to me via e-mail, at bgray@cc.state.az.us. Also, Staff will prepare a strawman proposal addressing various gas infrastructure issues, for discussion at the September 10th workshop. Staff anticipates distributing the strawman proposal via e-mail prior to the September 10th workshop to provide interested parties with time to review it prior to the workshop. If you have any comments or questions, please contact me at 602-542-0827 or bgray@cc.state.az.us.

Sincerely,

Robert Gray
Senior Economist
Arizona Corporation Commission

ACC Workshop Regarding Notice of Inquiry on Arizona Natural Gas Infrastructure

1:00 p.m. to 5:00 p.m., September 10, 2003
ACC Hearing Room

Agenda

1. Introduction
2. Background and Summary of Notice of Inquiry Activities
3. Introduction to Staff Policy Strawman
4. Issues for Discussion
 - A. Benefits and costs of gas storage in Arizona
 - B. Developing short term and long term policies. What do we address right now vs. in the future?
 - C. Infrastructure diversity for storage and pipelines – benefits, costs, feasibility
 - D. ACC approach to new infrastructure projects
 - E. Form of the ACC's approach - rules, formal policies, general guidelines
 - F. Cost Issues – pre-approval, cost-recovery, need for certainty
 - G. Reporting requirements
 - H. Other Issues
5. Where do we go from here?
6. Wrapup.