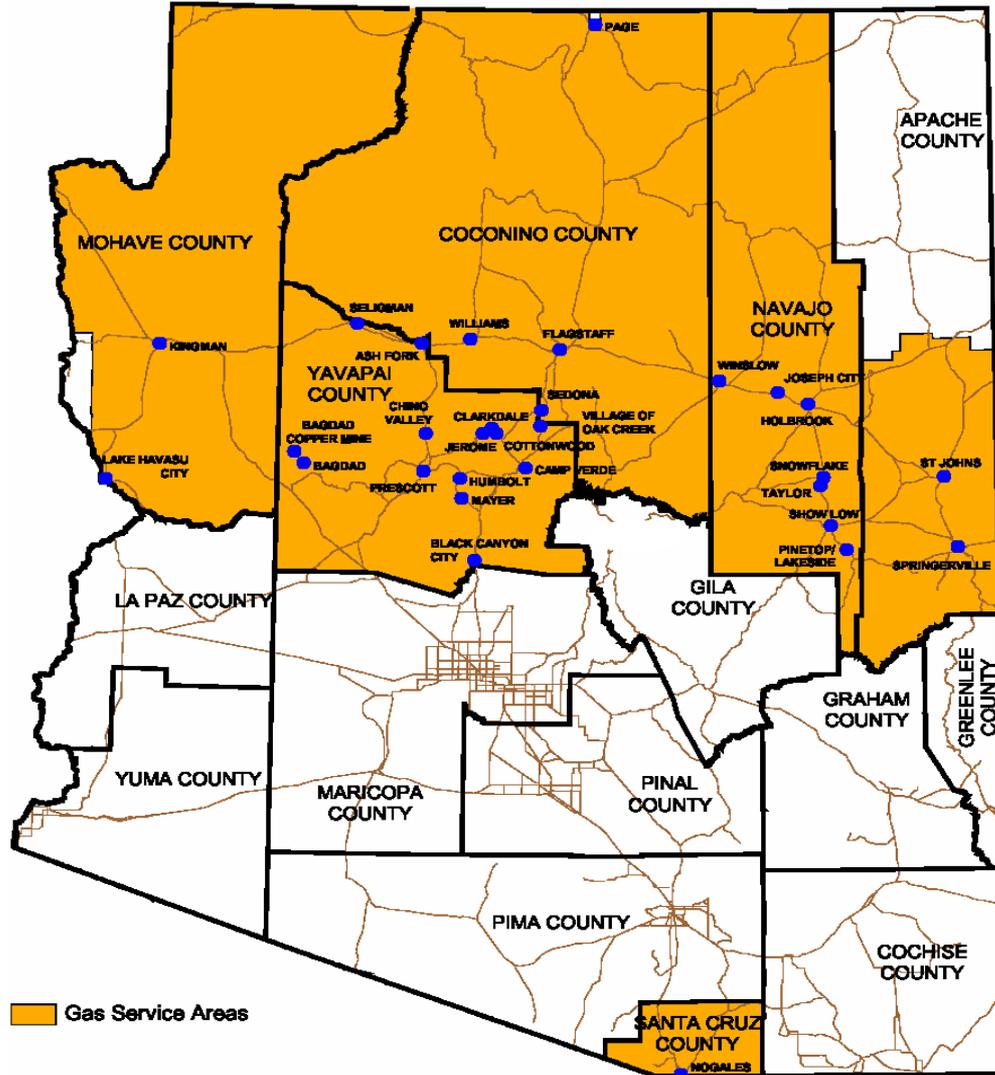




Arizona Corporation Commission Winter Preparedness

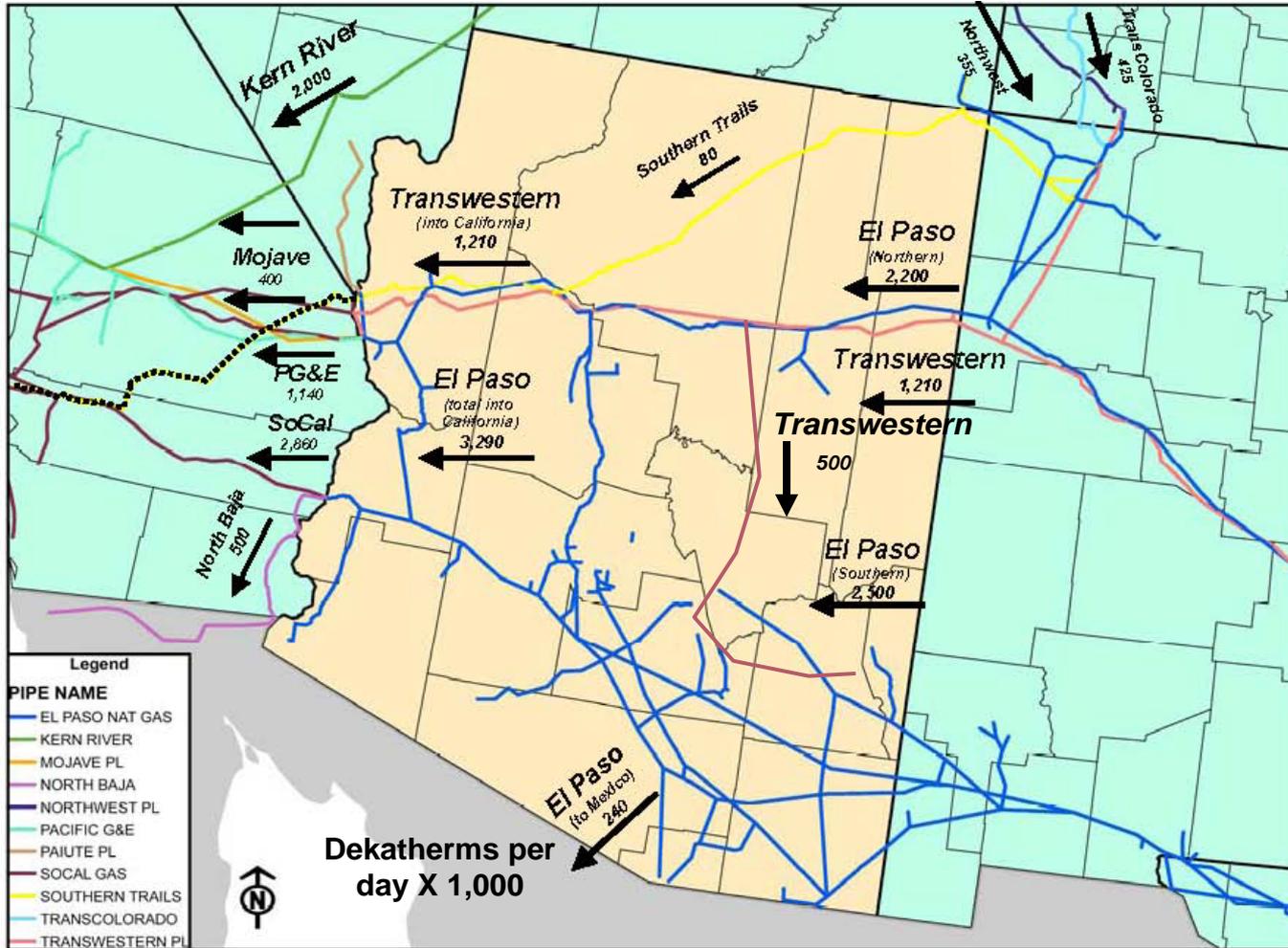
November 01, 2011

UNS Gas Service Territory



- 5 COUNTIES
- 6 DISTRICTS
 - Flagstaff
 - Prescott
 - Verde Valley
 - Show Low
 - Mohave
 - Santa Cruz

Major Pipelines in Arizona and Surrounding States



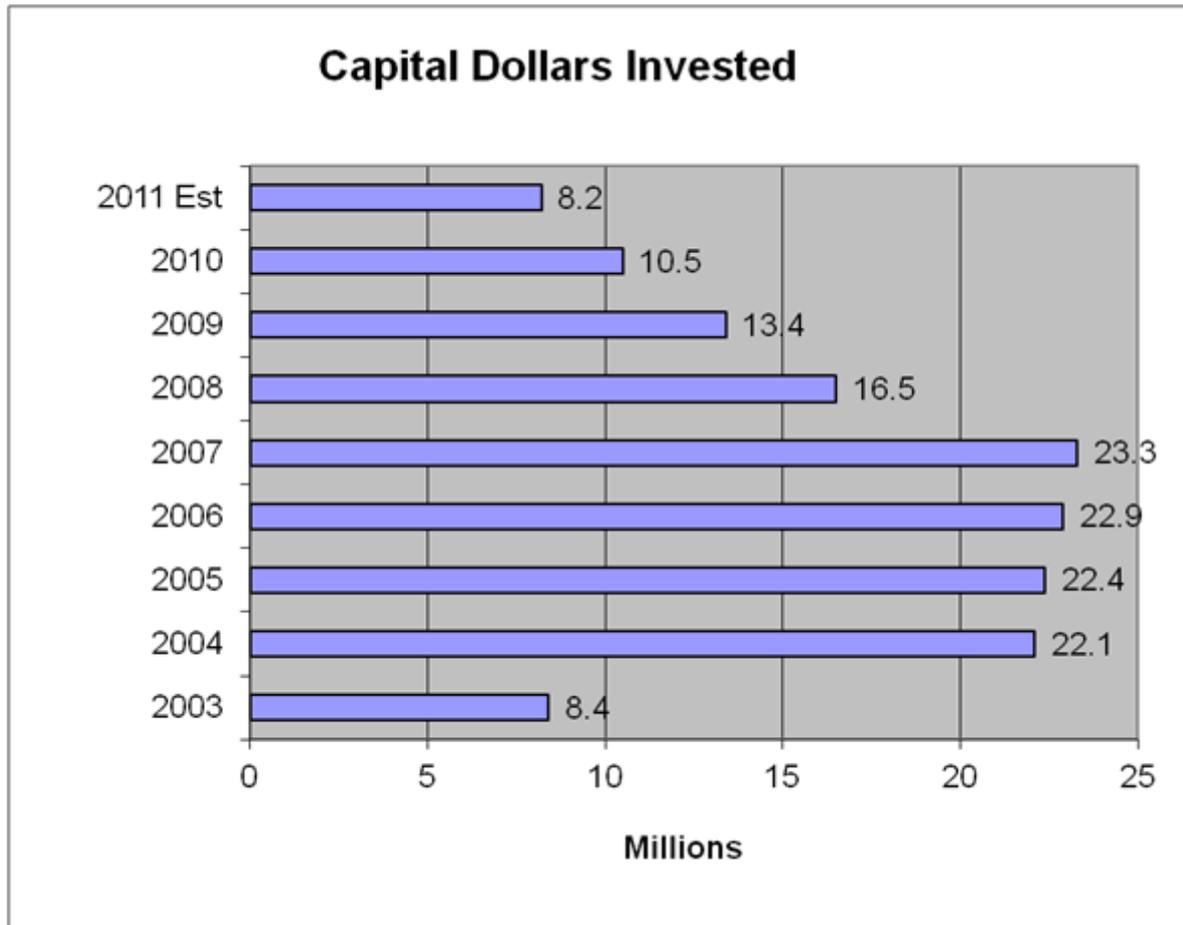
- Dual Supply - EPNG / TW
- Flagstaff
- Kingman
- Prescott

Dekatherms per day X 1,000

Source: Energy and Environmental Analysis, Inc.

Capital Investment

Over \$147 million in system investments since acquisition in 2003.

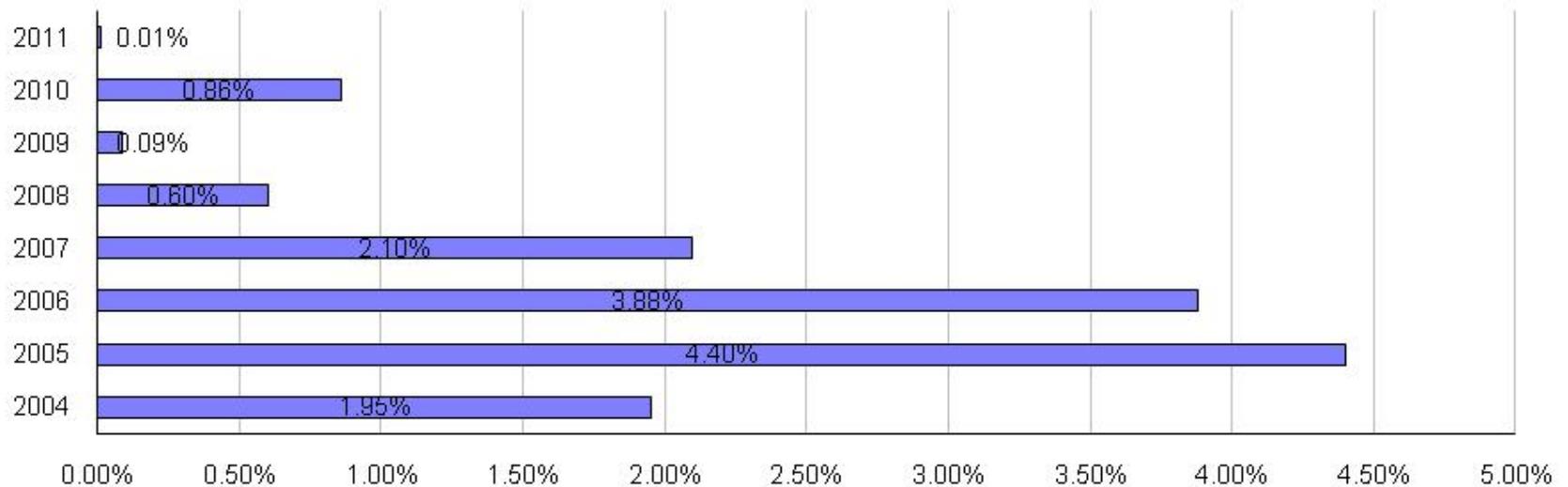


System Reinforcements

- **Reinforced supply lines and systems:**
 - **2009**
 - Prescott - completed \$3.5 million on Wilkinson / Airport line reinforcement (NW Prescott)
 - **2010**
 - Prescott - completed the \$2 million reinforcement on the Prescott high pressure supply line (main supply line “backbone” through Prescott)
 - Sedona - completed \$1.7 million reinforcement on Sedona high pressure supply line in conjunction with ADOT Hwy 179 road project.
 - **2011**
 - No large reinforcement projects

UNS Gas Customer Growth

UNSG
% CUSTOMER GROWTH



Safety

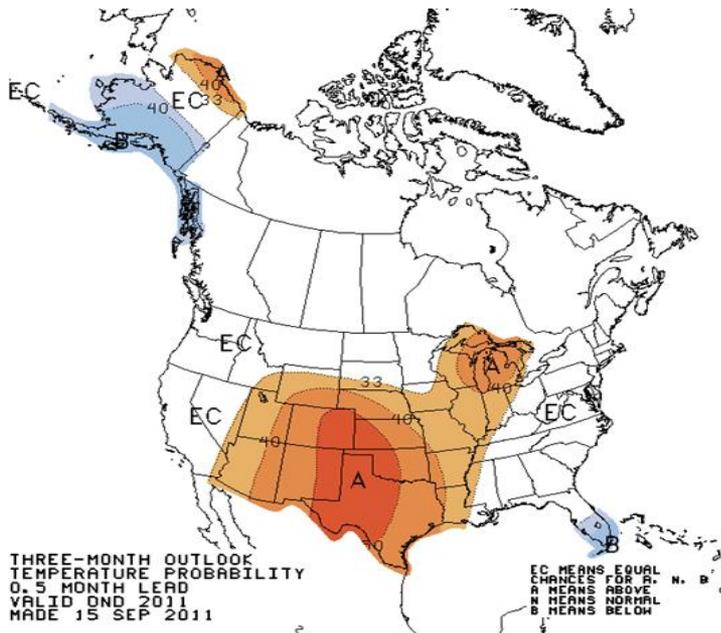
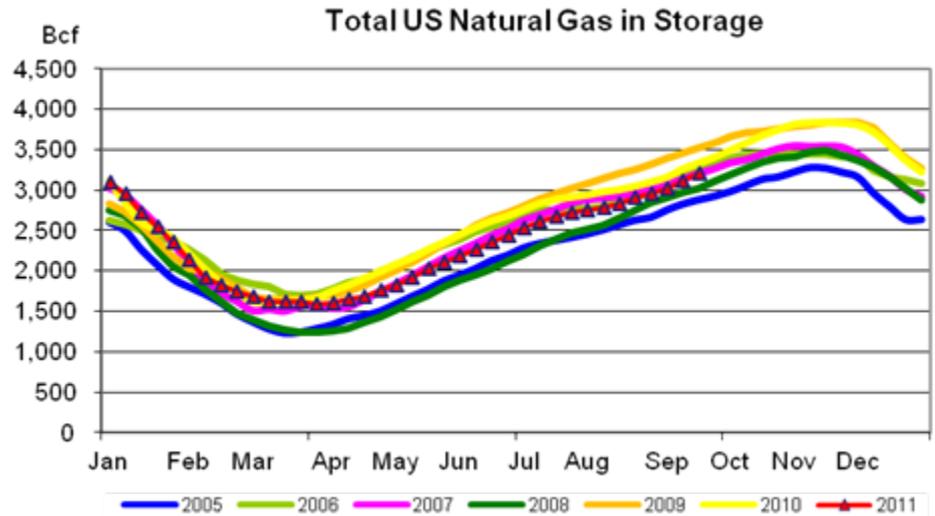
- **Reinforcement & Planning**
 - No customer service interruptions or gas outages during 2010/2011 winter season
- **Pipeline Safety**
 - ACC Annual Safety Compliance Audit
 - Implemented new Federal DIMP August 2nd
 - Expand and promote public awareness and damage prevention activities
 - Average <17 minute response time to emergency type calls
- **Operator Qualification Training Program**
 - New and existing employee training is a top priority

Winter Preparedness

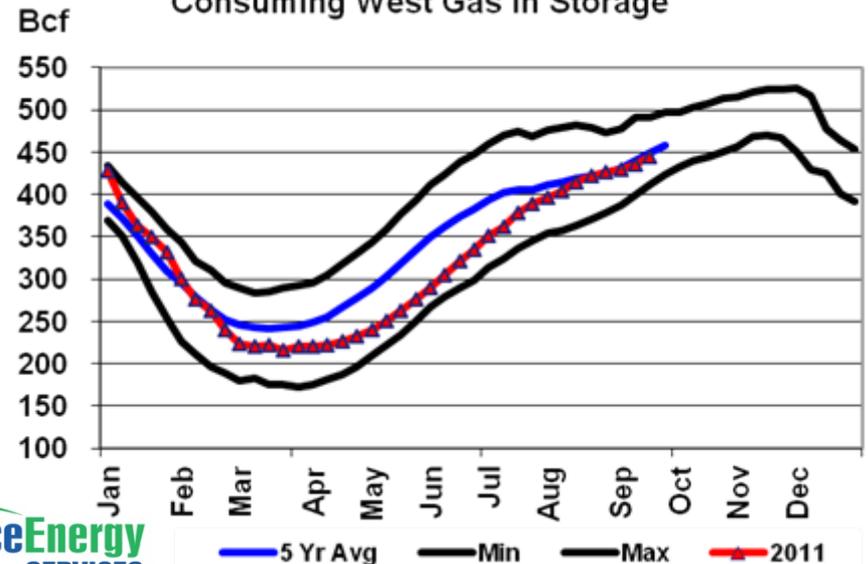
- **System Planning and Modeling**
- **Outage Reviews and Employee Training**
- **UNSG Annual Winter Preparation Meeting**
 - **September 22, 2011 - Flagstaff office**
 - **Pipeline representatives attending:**
 - **Transwestern Pipeline Operations and Marketing**
 - **El Paso Natural Gas Operations and Marketing**
- **Maintenance activities completed**

Winter Supply Outlook

- US-wide average storage levels
 - Slightly lower than 2010
- West storage
 - Approx. 5 year average
- Weather Forecast
 - Above normal weather is generally expected in SW



Reported 9/29/11
Consuming West Gas in Storage



Natural Gas Supply/Transportation Summary

- Transportation: Firm agreements with El Paso Natural Gas (“EPNG”) and Transwestern Pipeline (“TW”) with combined capacity sufficient to meet load requirements.
 - Served by EPNG: Flagstaff, Prescott, Kingman, Show Low, Nogales, Cottonwood/Sedona, and Lake Havasu City
 - Served by TW: Flagstaff, Prescott, Kingman
- Gas Supply Plan