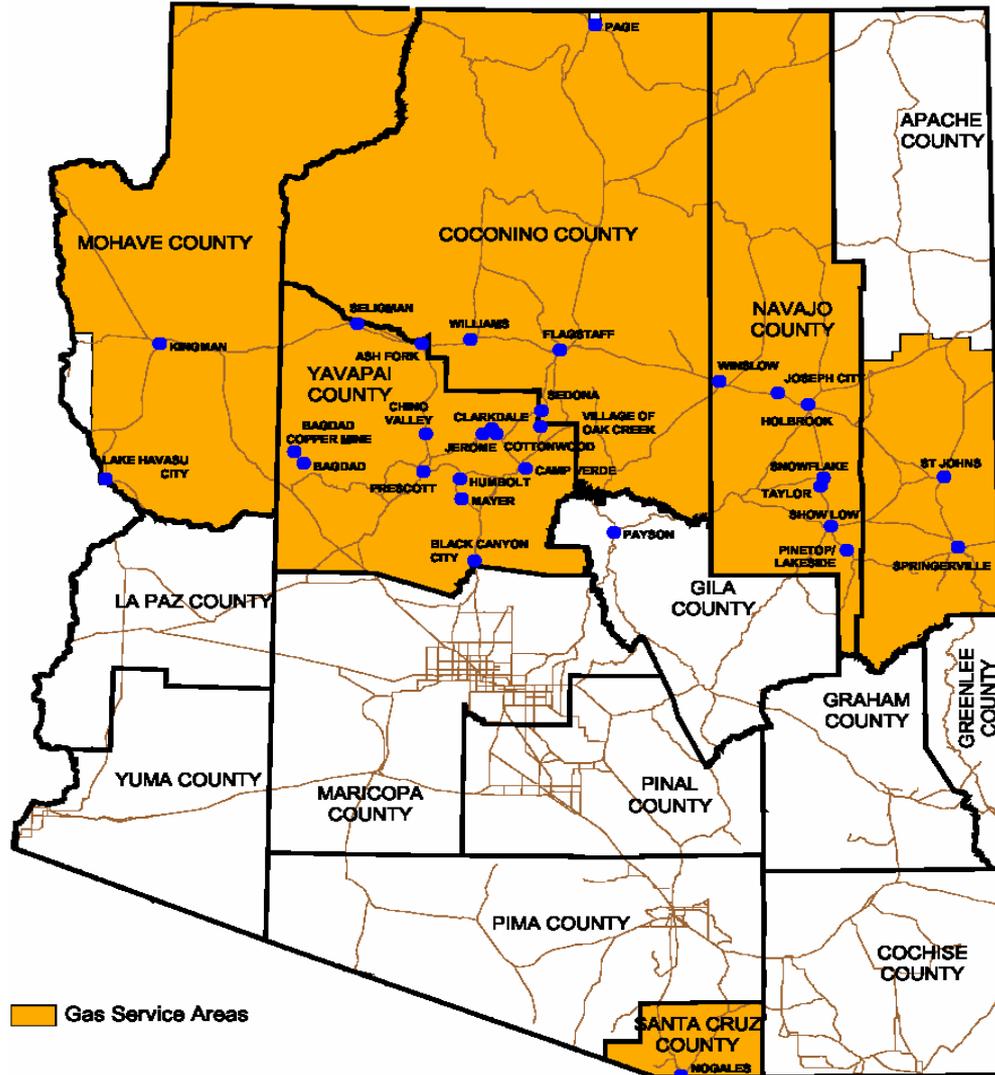




# Arizona Corporation Commission Winter Preparedness

October 04, 2012

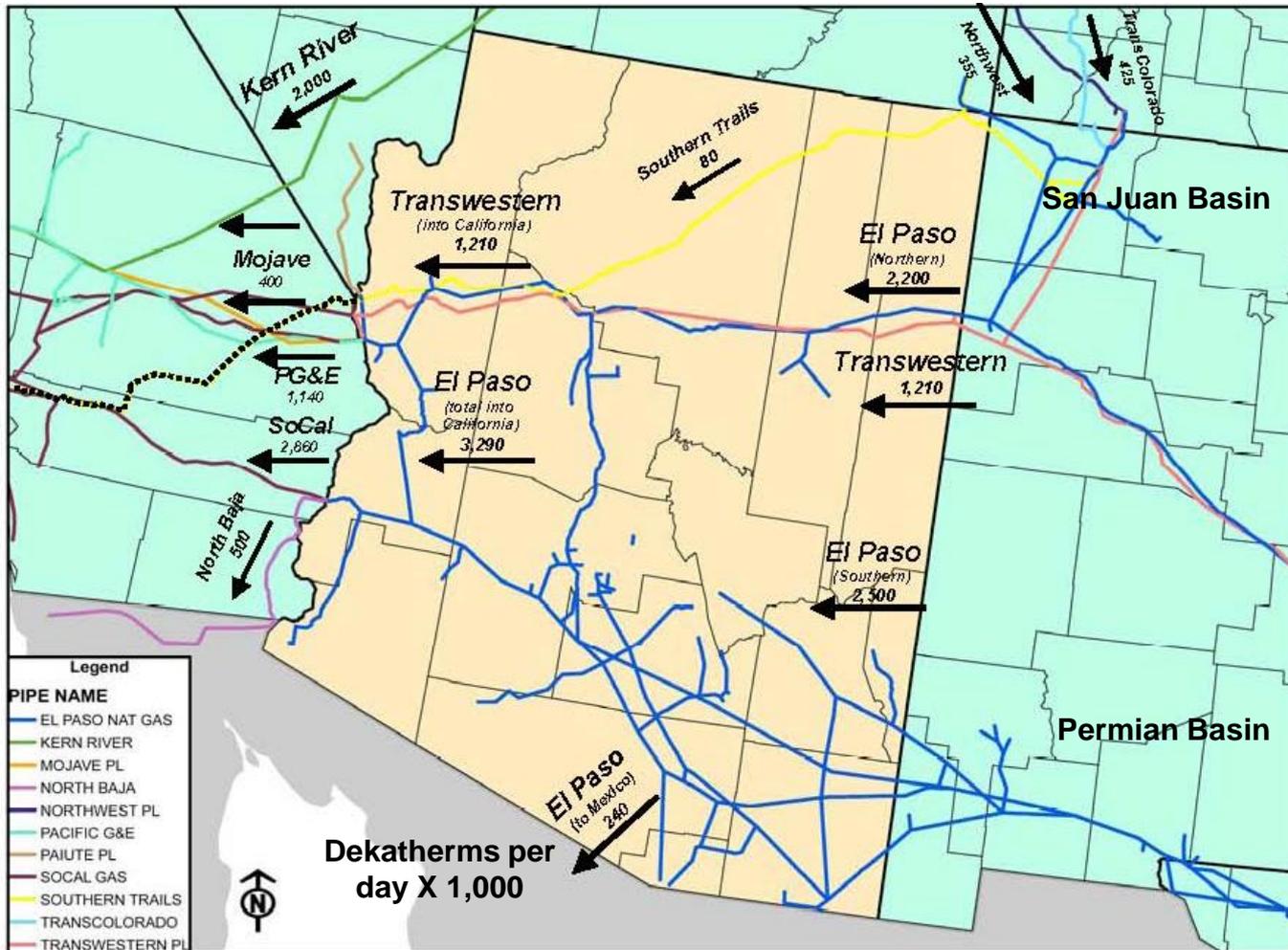
# UNS Gas Service Territory



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

Approx. 147,000 Customers

# Major Supply Pipelines in Arizona



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

Dekatherms per day X 1,000

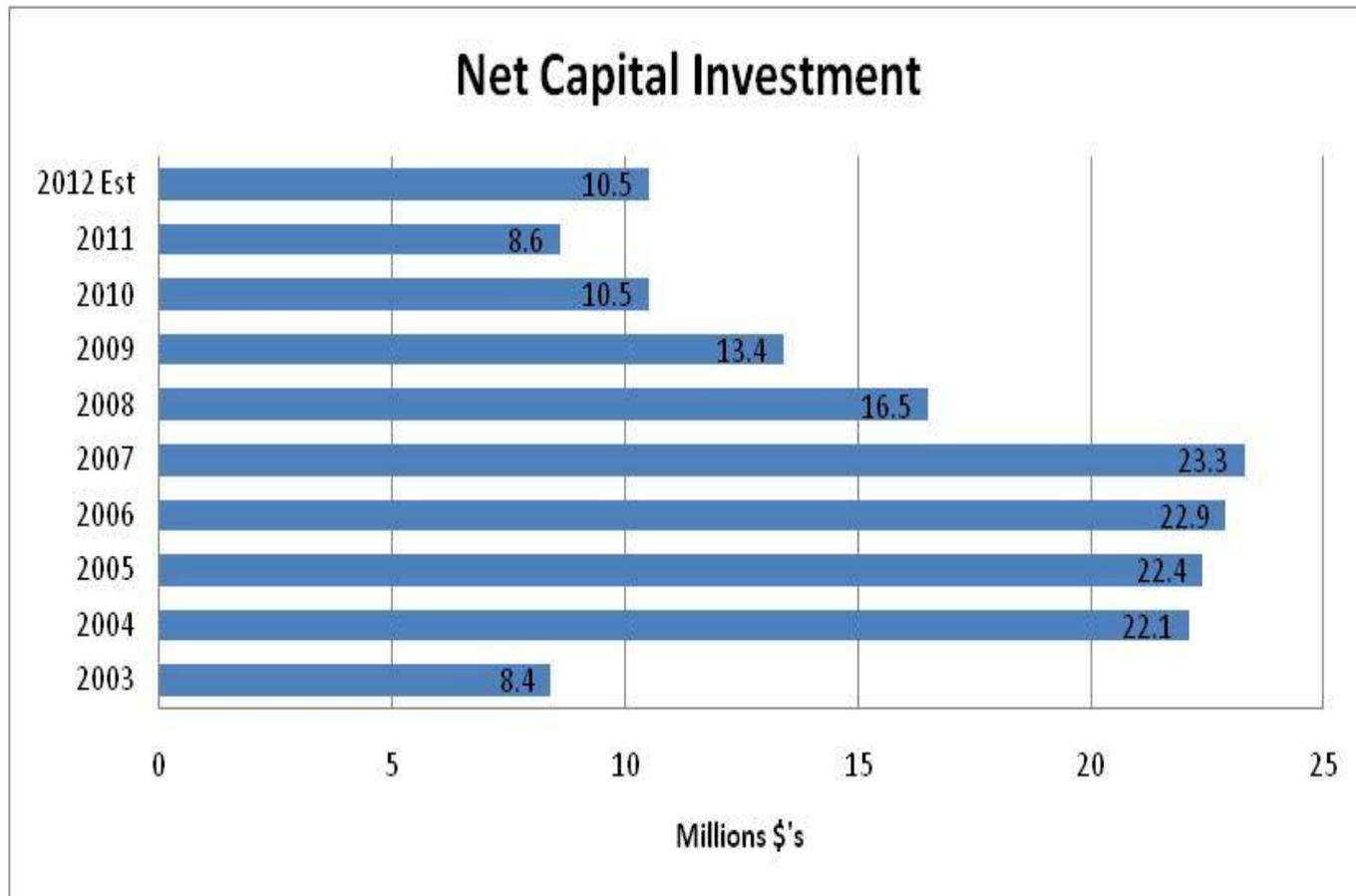
Source: Energy and Environmental Analysis, Inc.

# Natural Gas Supply/Transportation Summary

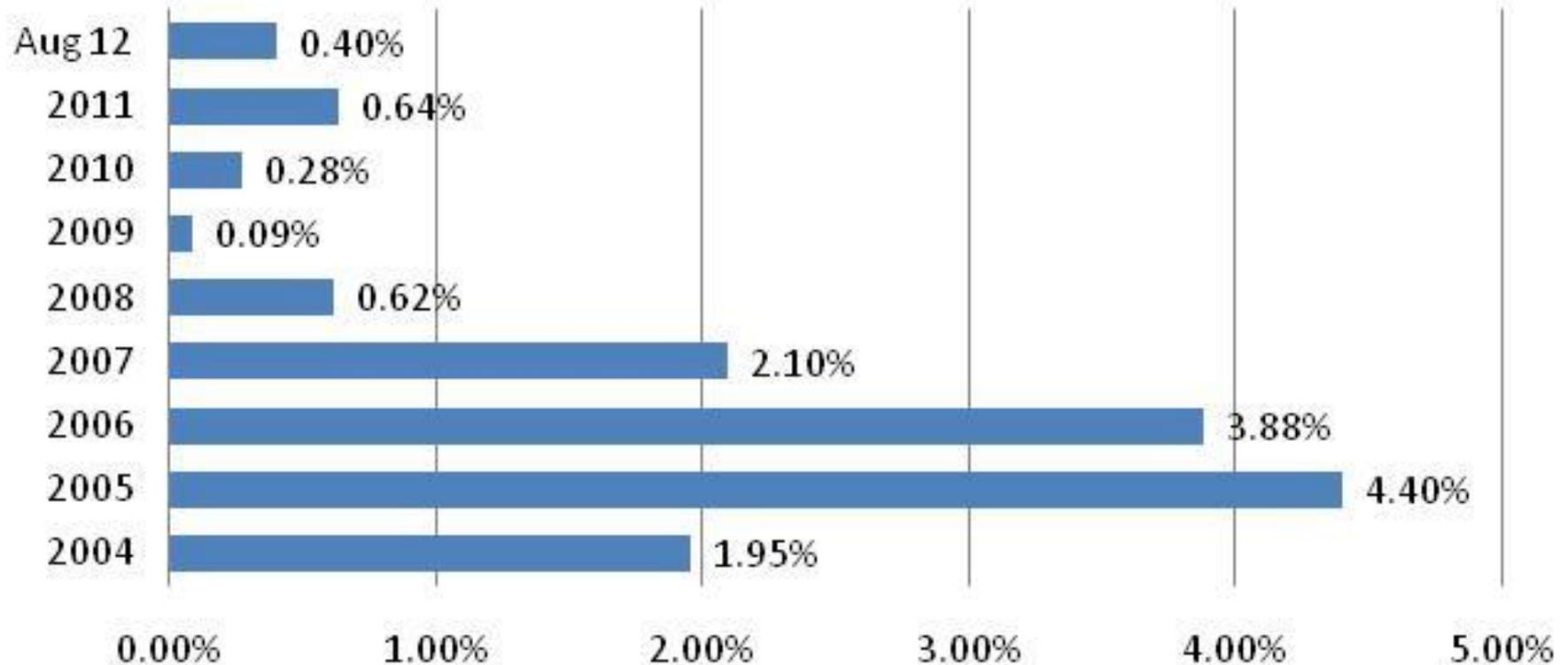
- Transportation: Firm agreements with El Paso Natural Gas (“EPNG”) and Transwestern Pipeline (“TW”) with combined capacity sufficient to meet load requirements.
  - Served by EPNG: Flagstaff, Prescott, Kingman, Show Low, Nogales, Cottonwood/Sedona, and Lake Havasu City
  - Served by TW: Flagstaff, Prescott,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

# Net Capital Investment

Over \$158 million in system investments since acquisition in 2003.



## UNSG Customer Growth



# System Reinforcements

- **Reinforced supply lines and systems:**
  - **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 / 2012**
    - No large reinforcement projects
    - City and county capital improvement projects (CIP)
    - Small main and service line extensions
    - Replacement and renovations

# Winter Preparedness

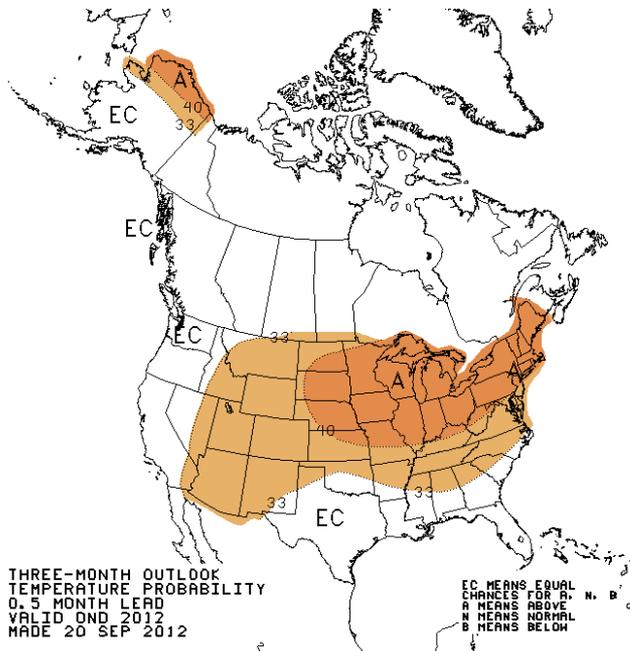
- **System planning and modeling**
- **Annual outage reviews and employee training**
- **Mutual aid agreements**
- **UNSG annual winter preparation meeting held**
  - **September 06, 2012 - Flagstaff office**
  - **Supply pipeline representatives attending:**
    - **Transwestern Pipeline Operations and Marketing**
    - **Kinder Morgan (EPNG) Operations and Marketing**
- **Maintenance activities completed**

# Safety

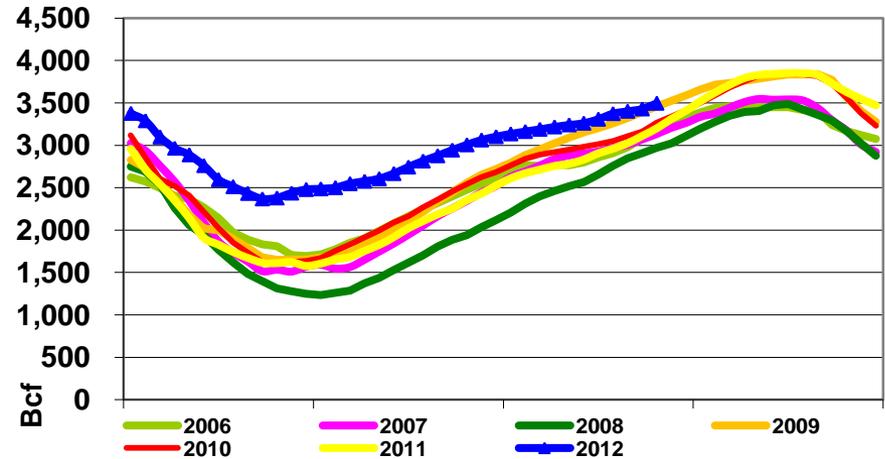
- **Reinforcement & Planning**
  - No customer service interruptions or gas outages during 2011/2012 winter season
- **Pipeline Safety**
  - ACC annual safety compliance audit
  - Implemented new federal distribution integrity management (DIMP)
  - Promote public awareness and damage prevention activities
  - Response to natural gas type emergencies 24 / 7
- **Operator Qualification Training Program**
  - New and existing employee training is a top priority

# Winter Supply Outlook

- US-wide average storage levels
  - Current level above 2011
- West storage
  - Above 5 year average
- Weather Forecast
  - Above normal weather is generally expected in SW



## Total US Natural Gas in Storage



## Consuming West Gas in Storage

