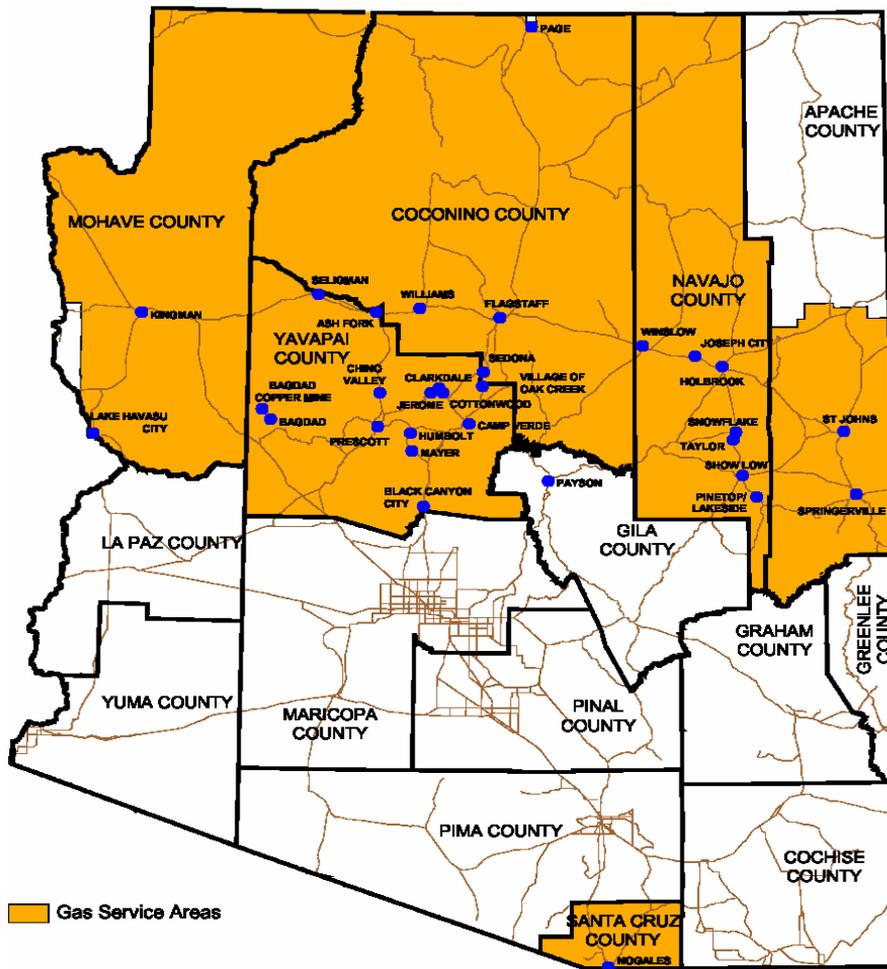


# Arizona Corporation Commission Winter Preparedness



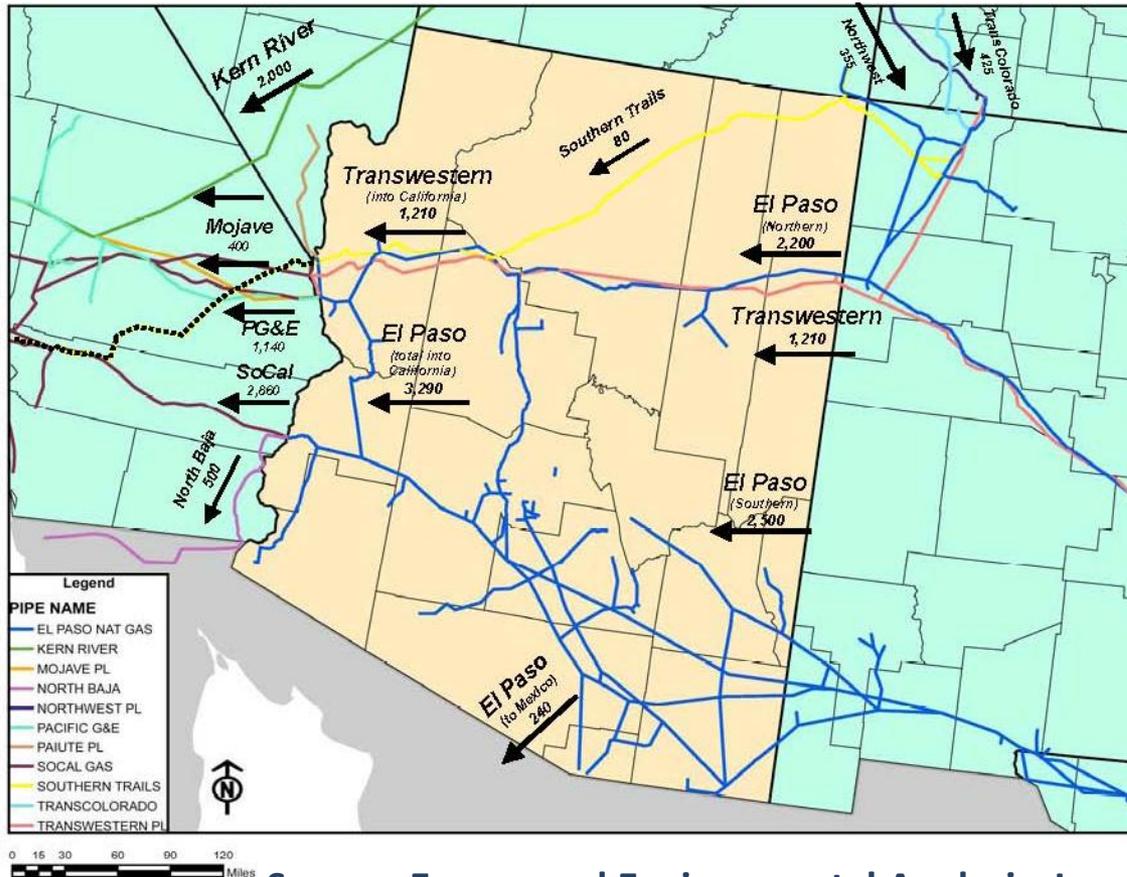
# UNS Gas Service Territory



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

Approx. 148,000 Customers

# Major Supply Pipelines in Arizona



- **Dual Supply –**
  - Flagstaff
  - Kingman
  - Prescott

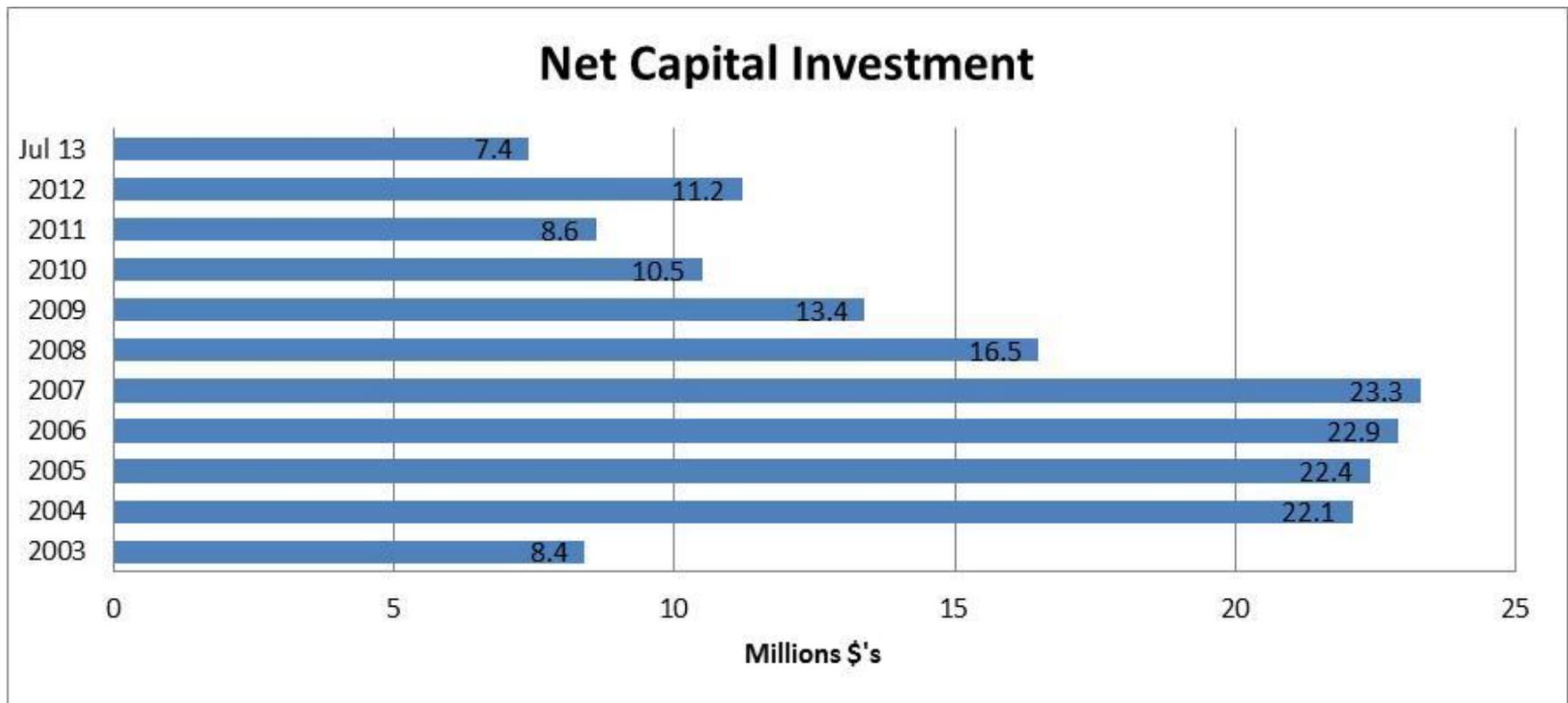
Source: Energy and Environmental Analysis, Inc.

# Natural Gas Supply/Transportation Summary

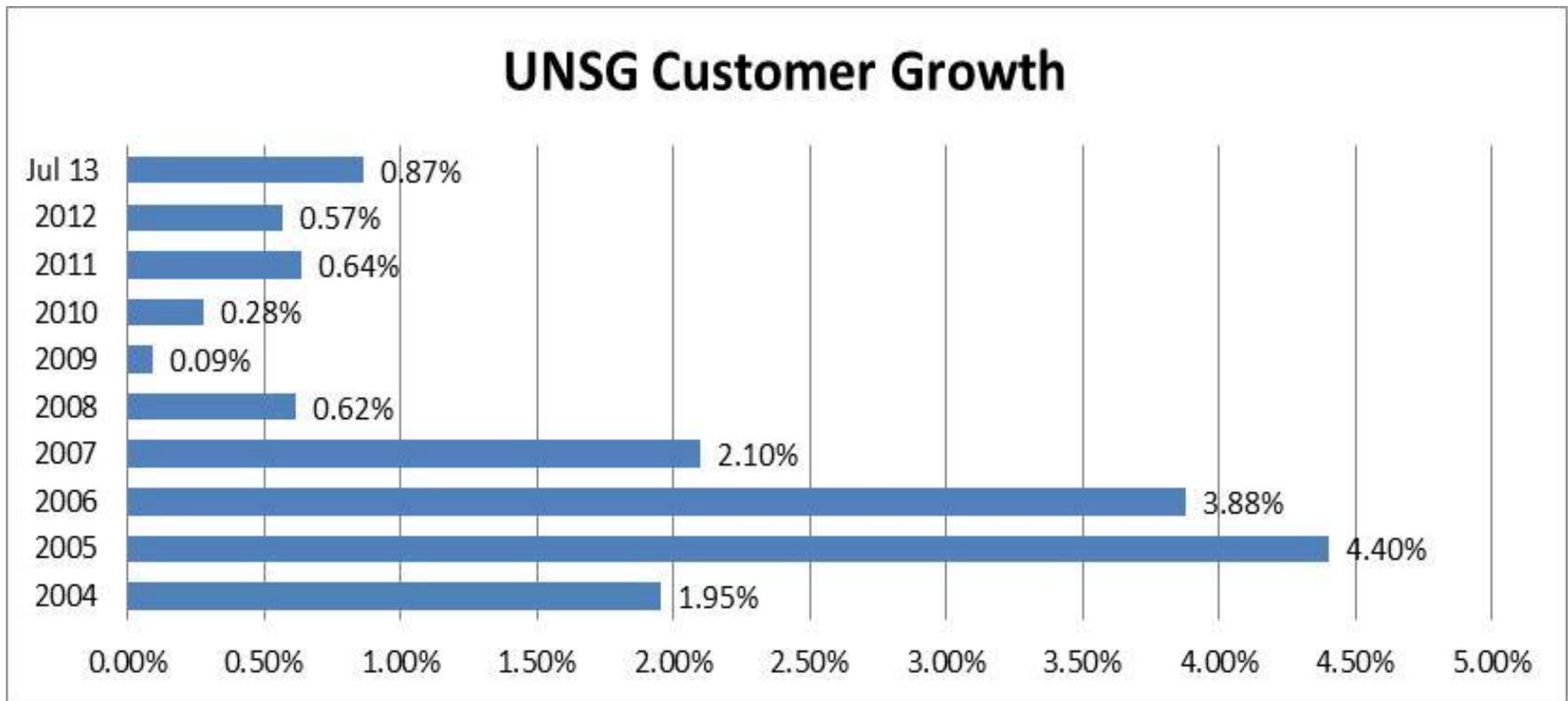
- **Transportation: Firm agreements with El Paso Natural Gas (Kinder Morgan) and Transwestern Pipeline with combined capacity sufficient to meet load requirements.**
  - Served by EPNG: Flagstaff, Prescott, Kingman, Show Low, Nogales, Cottonwood/Sedona, and Lake Havasu City
  - Served by TW: Flagstaff,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

# Net Capital Investment

Over \$167 million in system investments since acquisition in 2003.



# UNSG Customer Growth



# System Reinforcements & Capital

- **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 / 2013**
    - Minor reinforcement projects
    - City and county public improvement projects (PI)
    - Small main and ‘in-fill’ service line extensions
    - Small replacement and renovations

# Winter Preparedness

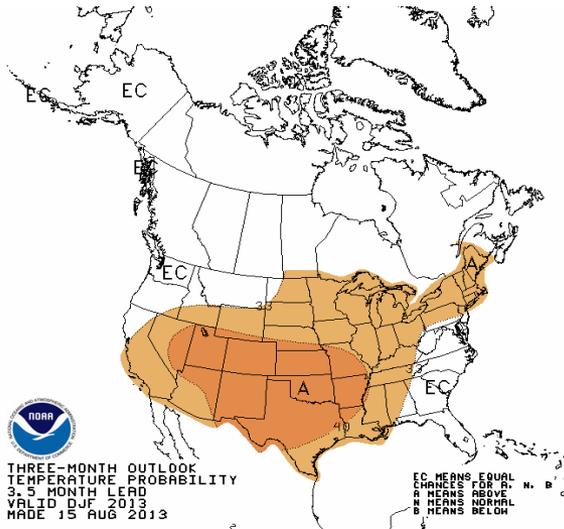
- **Extensive system planning and modeling**
  - Pressure monitoring points
  - Review of supply taps and delivery settings
- **No customer service interruptions or gas outages during past (2012 / 2013) winter season**
- **Operator Qualification Training Program**
  - New and existing employee training is a priority
- **Mutual aid agreements**
- **Availability of personnel after hours (24/7) for emergency response**

# Pipeline Safety

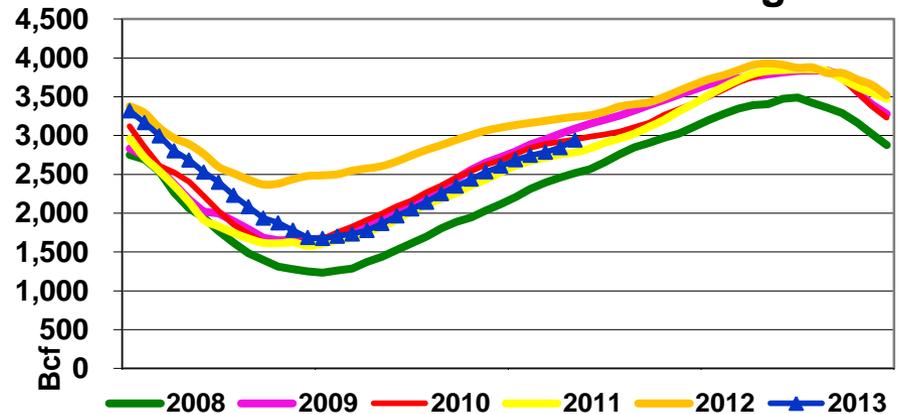
- **Coordinated with pipeline partners (suppliers)**
  - Annual winter preparedness meeting – Sept 18<sup>th</sup> – Flagstaff
  - Kinder Morgan (EPNG) operations and marketing
  - Transwestern (TW) operations and marketing
- **Reinforcement & Planning**
  - Maintenance activities completed
- **Pipeline Safety**
  - ACC annual safety compliance audit
  - Promote public awareness and damage prevention activities

# Winter Supply Outlook

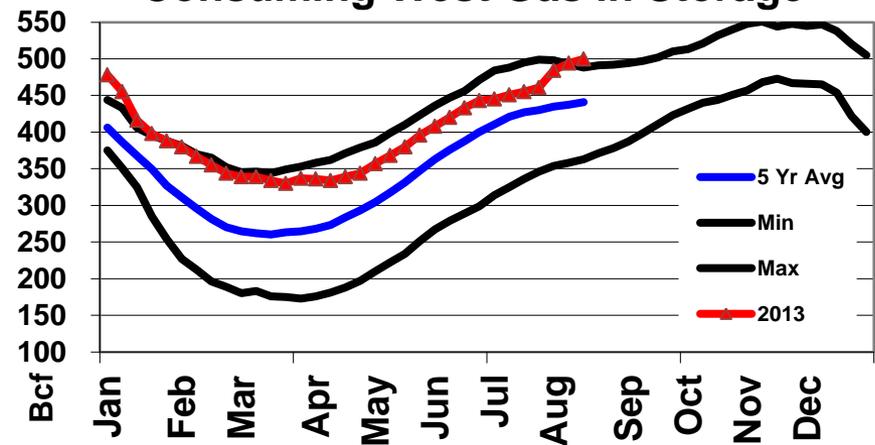
- US-wide average storage levels
  - Matches 5-year average
- West storage
  - Above 5-year average
- Weather forecast
  - Above-normal weather is generally expected in SW



## Total US Natural Gas in Storage



## Consuming West Gas in Storage



# Winter Preparedness

Questions?