



# Transwestern Pipeline Company

ENERGY TRANSFER

A Leader in the Transportation of America's Natural Gas

*Arizona Corporation Commission*

*September 29, 2008*

# Phoenix Construction – Prescott Area



# Phoenix Construction – Amarillo Valley Road



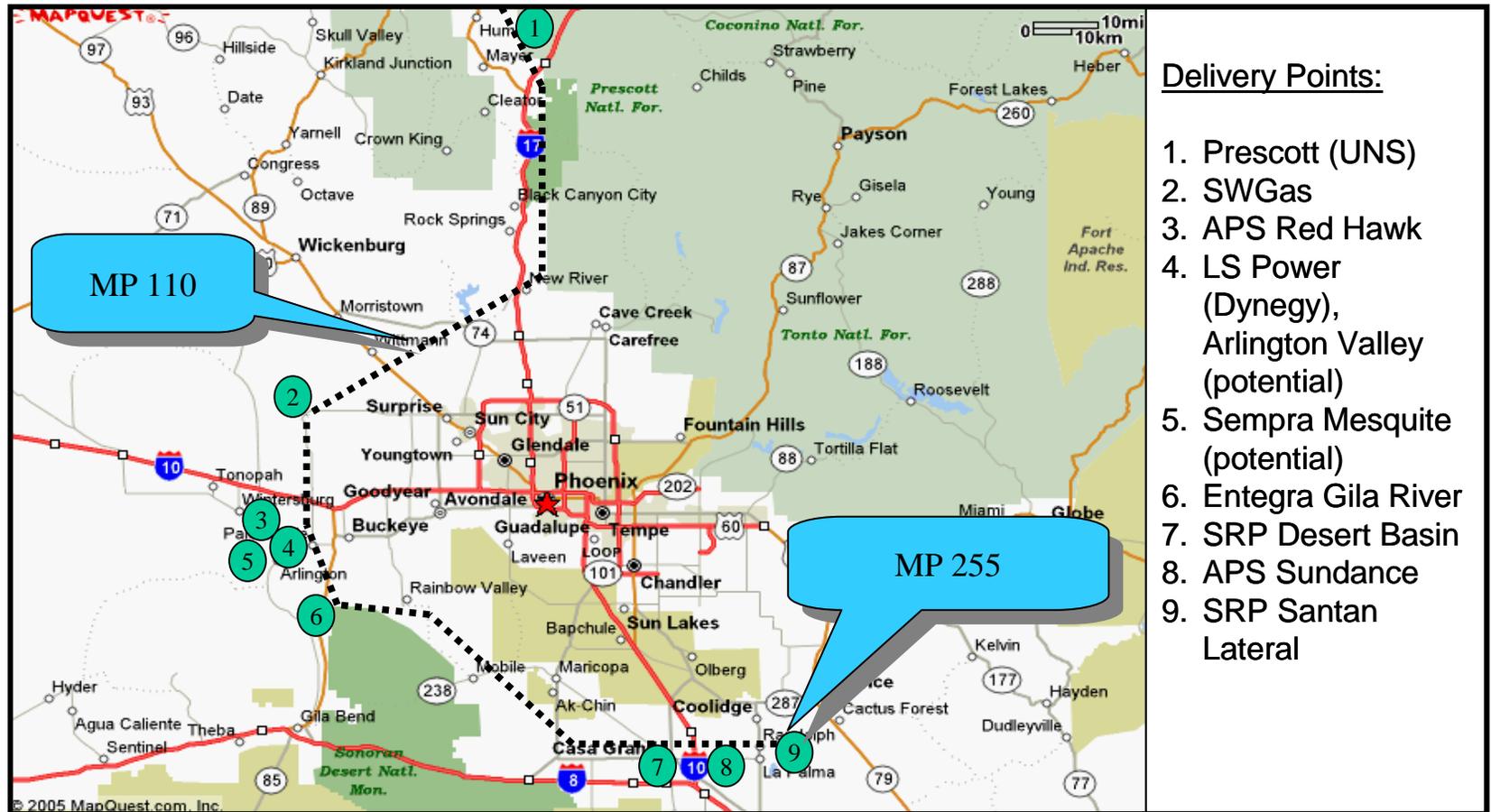
# Phoenix Timing

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- FERC pre-filing Nov 2005
- Open houses began Jan 2006
- Executed major contracts Dec 2005-February 2006
- Ordered pipe Apr 2006
- Filed FERC certificate Sept 2006
- Final EIS Sept 2007
- Received FERC Certificate Nov 2007
- Construction commences Jan 2008 (NM) & Mar 2008 (AZ)
- Estimated in-service December 2008



# Phoenix Project Lateral



# Phoenix Construction Status

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- Construction Milestones

## MP 0 to MP 110

<u>Clear/Grade</u>	<u>Trench</u>	<u>String</u>	<u>Bending</u>	<u>Welding</u>	<u>Coating</u>	<u>Lower-in</u>	<u>Backfill</u>	<u>Clean-up</u>	<u>Testing</u>	<u>Caliper</u>
100	100	100	100	100	100	100	100	100	100	82

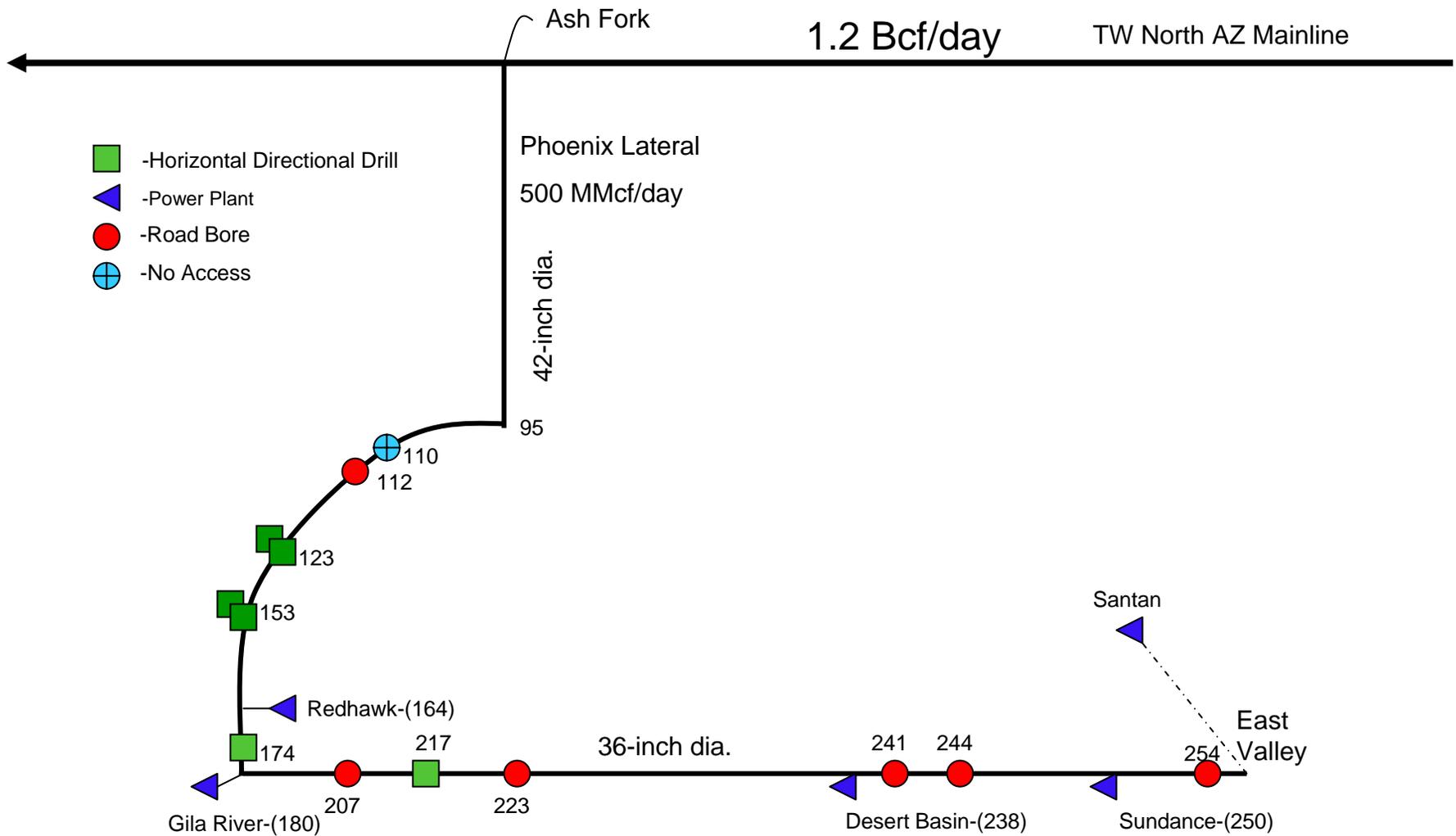
## MP 110 to MP 255

<u>Clear/Grade</u>	<u>Trench</u>	<u>String</u>	<u>Bending</u>	<u>Welding</u>	<u>Coating</u>	<u>Lower-in</u>	<u>Backfill</u>	<u>Clean-up</u>	<u>Testing</u>	<u>Caliper</u>
89	81	79	78	77	70	60	60	42	0	0

- Total project cost estimate now expected to be 10-20% higher
- Factors include: higher than expected costs of obtaining right-of-ways and permits, material costs, construction costs and environmental inspector costs



# Remaining Key Activities



# Phoenix Project Commercial Terms

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- 500,000 MMBtu/day of capacity
- Summer capacity nearly fully subscribed
- Available winter capacity
- Five Anchor Shippers:
  - Arizona Public Service (“APS”)
  - Gila River Power
  - Salt River Project (“SRP”)
  - Southwest Gas
  - UNS
- \$0.55 Fixed Negotiated Reservation Rate regardless of final construction costs



# Gas Delivery to Electric Generators

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- Directly connected to 5 power plants (5,500 Mw)
- Gas supply access to Rockies, San Juan, Anadarko, or Permian Basin
- Plant operator schedules volume between TW or EPNG systems (daily / monthly)
- TW provides gas support via flow control or pressure control as required by plant
- Swing capability provided for via tariff schedule FTS-5



# ETP Enogex Partners Transaction Overview

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- Subject to HSR clearance, obtaining certain financing, and other customary closing conditions, OGE and ETP will each contribute ownership interests in certain subsidiaries to a newly formed joint venture entity (“ETP Enogex Partners”)
- ETP Enogex Partners will be a stand-alone company controlled equally by OGE and ETP
- In exchange for a 50% interest in ETP Enogex Partners and a cash payment, OGE will contribute:
  - 100% of its ownership interest in Enogex, OGE’s natural gas midstream subsidiary
- In exchange for a 50% interest in ETP Enogex Partners, ETP will contribute:
  - 100% of its ownership in Transwestern Pipeline (“Transwestern”)
  - 100% of its 50% ownership in Midcontinent Express Pipeline (“MEP”)
  - 100% of its ownership interest in ETC Canyon Pipeline LLC
- The Sponsors are obligated to file a registration statement within 6 months of closing and to use reasonable efforts to consummate an initial public offering (“IPO”) of ETP Enogex Partners as an MLP



# ETP Enogex Partners Strategic Rationale

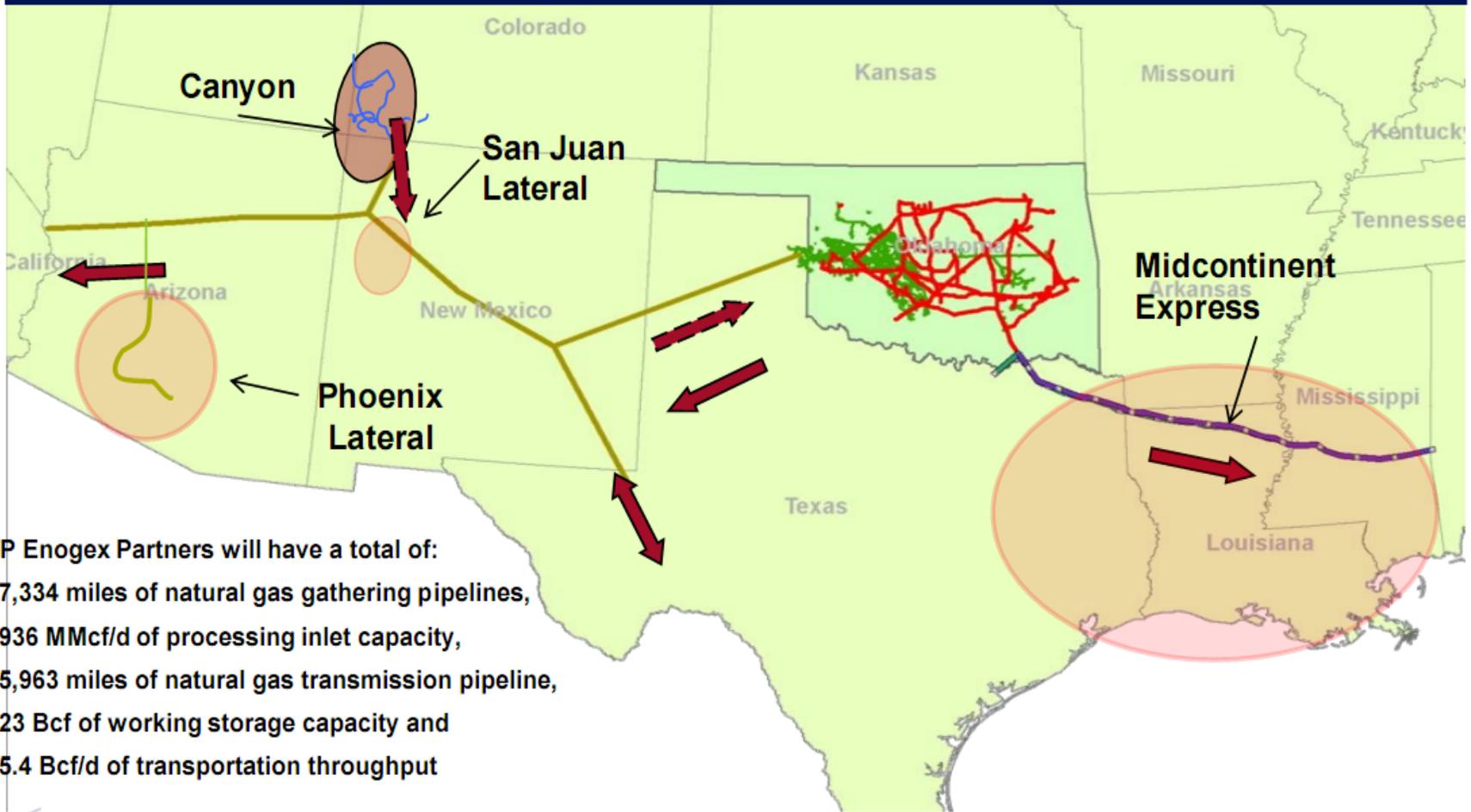
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- Combined entity will create a large, more competitive midstream platform with significant geographic diversity
- Will enhance basin and business line diversity, resulting in reduced basin risk and ability to leverage existing relationships
- ETP Enogex Partners will have greater ability to serve producer and end-user customers by increasing market outlets and sources of supply



# ETP Enogex Partners Assets

## Consolidated Asset Map



ETP Enogex Partners will have a total of:

- ◆ 7,334 miles of natural gas gathering pipelines,
- ◆ 936 MMcf/d of processing inlet capacity,
- ◆ 5,963 miles of natural gas transmission pipeline,
- ◆ 23 Bcf of working storage capacity and
- ◆ 5.4 Bcf/d of transportation throughput

