



El Paso Natural Gas Company 2011-12 Winter Preparedness

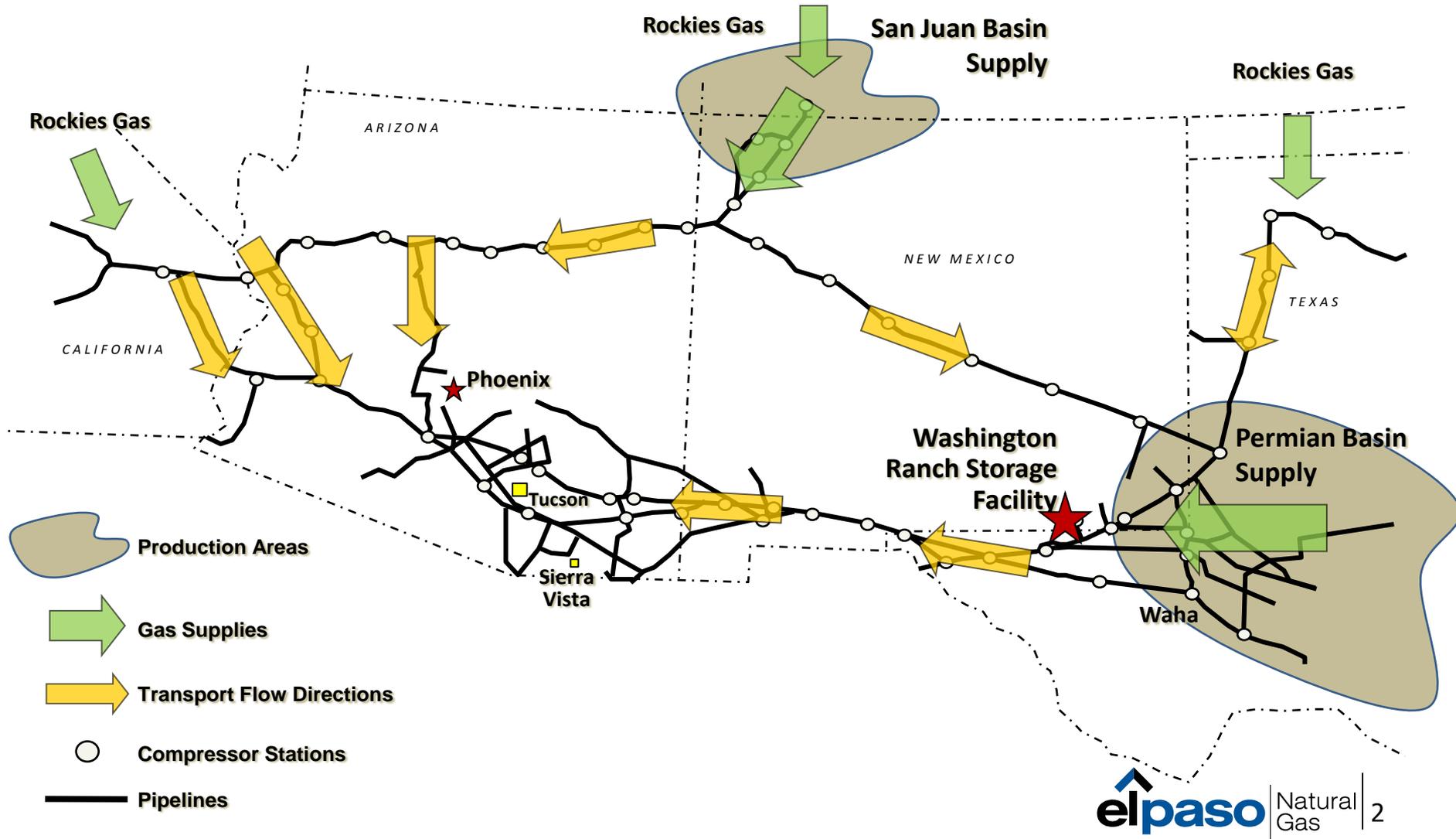
Presentation to the Arizona Corporation Commission
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Bud Wilcox, Director, Gas Control



El Paso Natural Gas Company System Overview

Supply Locations and Flow Direction



EPNG Transports Customers' Gas Supplies to Many Locations in Arizona

Delivery Meters

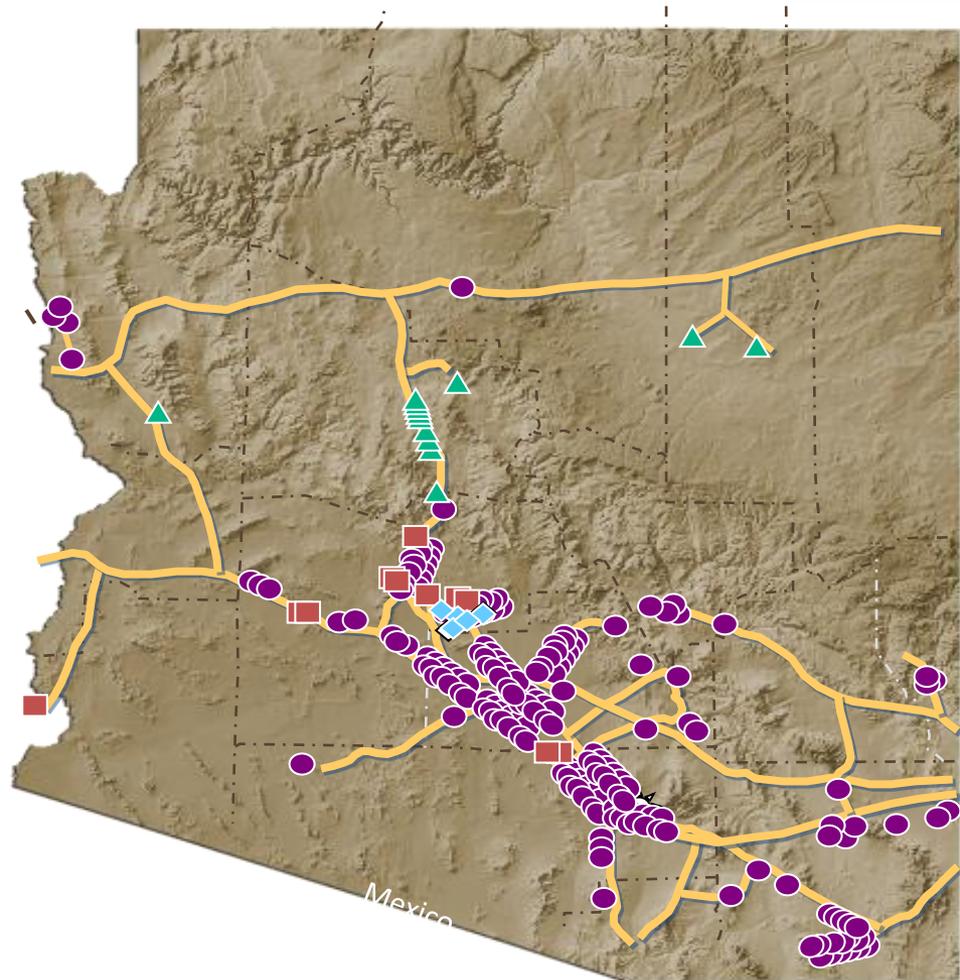
217	Southwest Gas	●
44	UNS	▲
10	APS	■
8	SRP	◆
<u>71</u>	All Others	
350		

Winter Peak Day:

1,739 MMcf/d, Jan 2008

Summer Peak Day:

1,604 MMcf/d, July 2004



Winter Preparedness for 2011-12

- Commitments to the ACC from March 2, 2011, to Utilize Lessons Learned from February 2011 to Prepare for Winter
 - Conduct a mock emergency utilizing the recent scenario to identify improvements in procedures and communication processes
 - Review winter preparedness plans for operations
 - Promote better integration with the electric sector to include natural gas equipment on their critical infrastructure list
 - Review facility performance
 - With affected customers
 - Re-evaluate storage expansions with customers

Goals for the Mock Training Exercise

- Escalate serious situations
- Provide information to customers to make necessary decisions about their responses
- Promote cross-industry understanding
- Implement communication and process changes
- Sustain these goals with an ongoing process



Update on Lessons Learned

Bud Wilcox
Director, Gas Control

Mock Tabletop Process and Outcomes

- On May 23-24, 2011, EPNG hosted a tabletop mock planning exercise at Southwest Gas' office in Phoenix
 - Attended by several customers including SWG, APS, UNS, TEP and SRP and others from the states of CA, NM and TX
 - Used February 2011 cold weather event as a base scenario
 - Developed recommendations to improve communication and responsiveness where response time is of the essence
 - Tested recommendations for changes in the scenario
 - Developed an escalation matrix
- This collaboration was useful during the Wallow Fire in June

Cross-Industry Working Group Summary of Recommendations

- Recommendation #1: Establish a variety of emergency contact methods for EPNG to use during a Critical Operating Condition (COC) or Emergency COC to bring additional attention to Critical Electronic Bulletin Board (“EBB”) postings
- Recommendation #2: Establish a new, streamlined, standard format for initial notice of emergency conditions
- Recommendation #3: Enhance EPNG’s current Internet Homepage during an emergency
- Recommendation #4: Enhance EPNG’s other communication and scheduling processes for emergencies
- Recommendation #5: Collaborate across the industry to identify any potential opportunities to improve reliability

Progress on Recommendations - Communication

- Established New Communication Methods to Supplement Current Methods During Emergencies
 - Text messages
 - Emails to customer-maintained group email addresses
 - Telephone message sent by EPNG to emergency contacts
 - Operations Hotline (1-800 #) parties can call for a recorded status of the system (updated as needed throughout an event)
- Standard critical notice to promote quicker action
- Banner on internet homepage to alert users to an emergency
- Better critical notice descriptions to aid distribution
- All new methods tested prior to winter 2011/12

Progress on Recommendations – Cross-Industry Collaboration

- Established an Emergency Communication Committee
 - Cross-industry participation balanced among natural gas utilities, electric generators, producers, midstream, pipelines
 - Includes SWG, APS, UNS, TEP, SRP and City of Mesa
 - Responsibilities
 - Review EPNG communication processes/methods prior to summer and winter seasons; recommend improvements
 - Coordinate and facilitate a mock emergency event every 2 years to test communication processes/methods effectively
 - April 2012, then Fall 2014, and every 2 years thereafter
 - Explore opportunities to coordinate with state agencies

Progress on Recommendations – Cross-Industry Collaboration (cont'd)

- Discussed lessons learned and recommendations with various producers and midstream operators
- Winter Preparedness Meetings held with customers
 - October 5 and 13, 2011 – broadly attended meetings
 - Meetings with upstream operators
 - More training scheduled for November 8 and 15, 2011

Winter Preparedness Plans

- Staffing
 - Gas Control is 24 x 7 x 365
 - Field technicians are on-site or on-call
 - Customer-specific winter preparedness meetings or communications
- Facility preparation
 - Facility inspections
 - Validate facility communication systems
 - Prepare vehicles for cold weather

Winter Preparedness Plans

Reliability Improvements

- Emergency generators rented for December through February for 4 South Mainline Compressor Stations
 - As a result of not being on the electric utilities' critical infrastructure lists
 - In addition to those stations with built-in generators
- Additional weatherproofing needs reviewed and addressed
 - Insulation and heat tape on critical valves and equipment
 - Catalytic heaters at delivery meters
 - Lube oil heating systems
 - Upgrades to auxiliary generators

Winter Preparedness Plans Facility Review

- Ft. Huachuca/Sierra Vista Lateral Improvements
 - In-service October 2011
- Arizona storage discussions held with the AZ Storage Coalition on May 25, 2011

Questions