

Southwest Gas Corporation 2009/10 Winter Preparedness

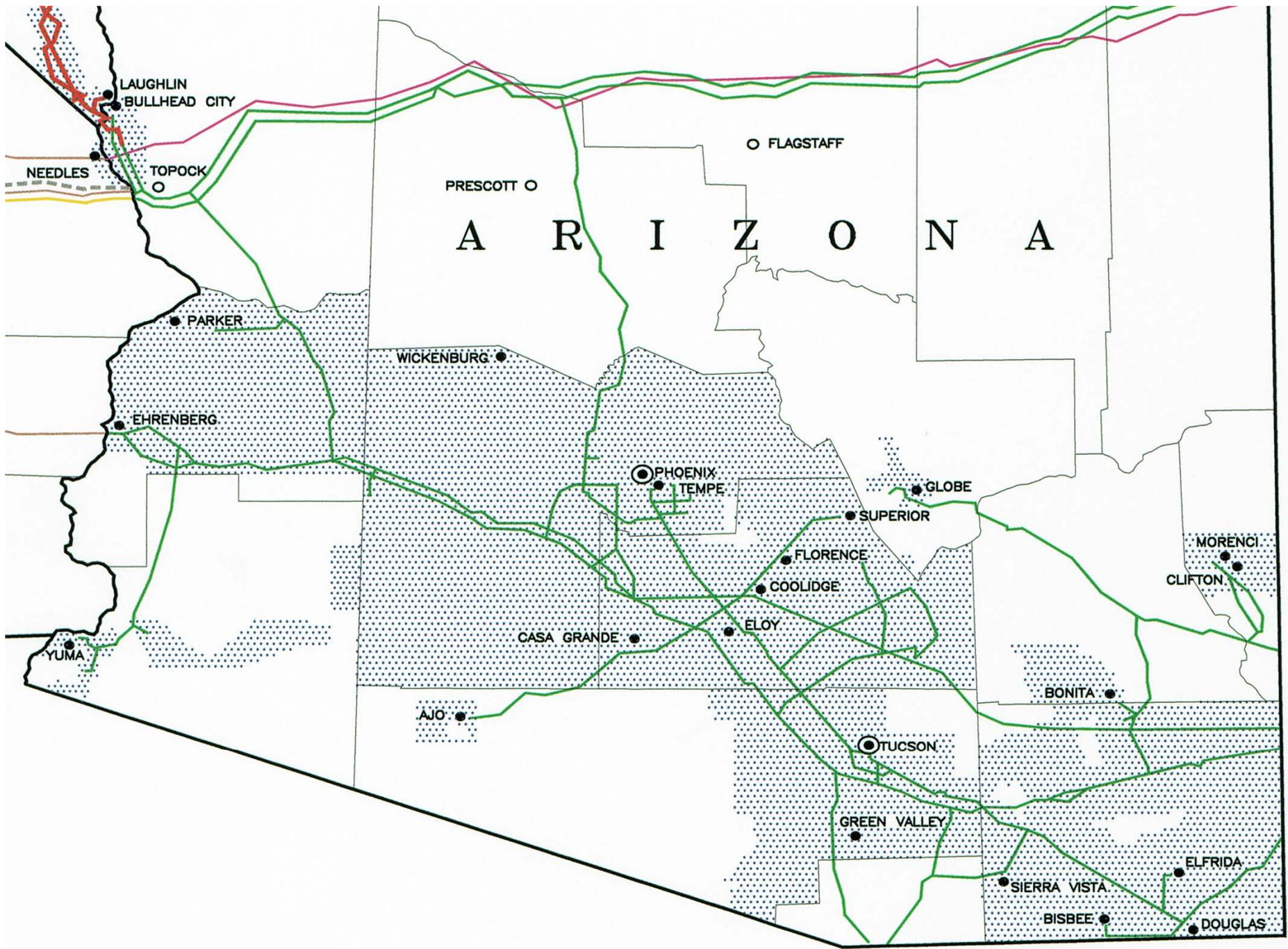
- **Operations Overview**
 - Eric DeBonis
Vice President/Central Arizona Division
- **Gas Supply Update**
 - John Olenick
Senior Manager/Gas Purchases and Transportation

October 19, 2009

Operations Overview

- **Transwestern Supply Taps**
- **System Analysis & Reinforcement**
- **Real Time Adjustments**
- **Coordination with Partners**
- **Customer Support**

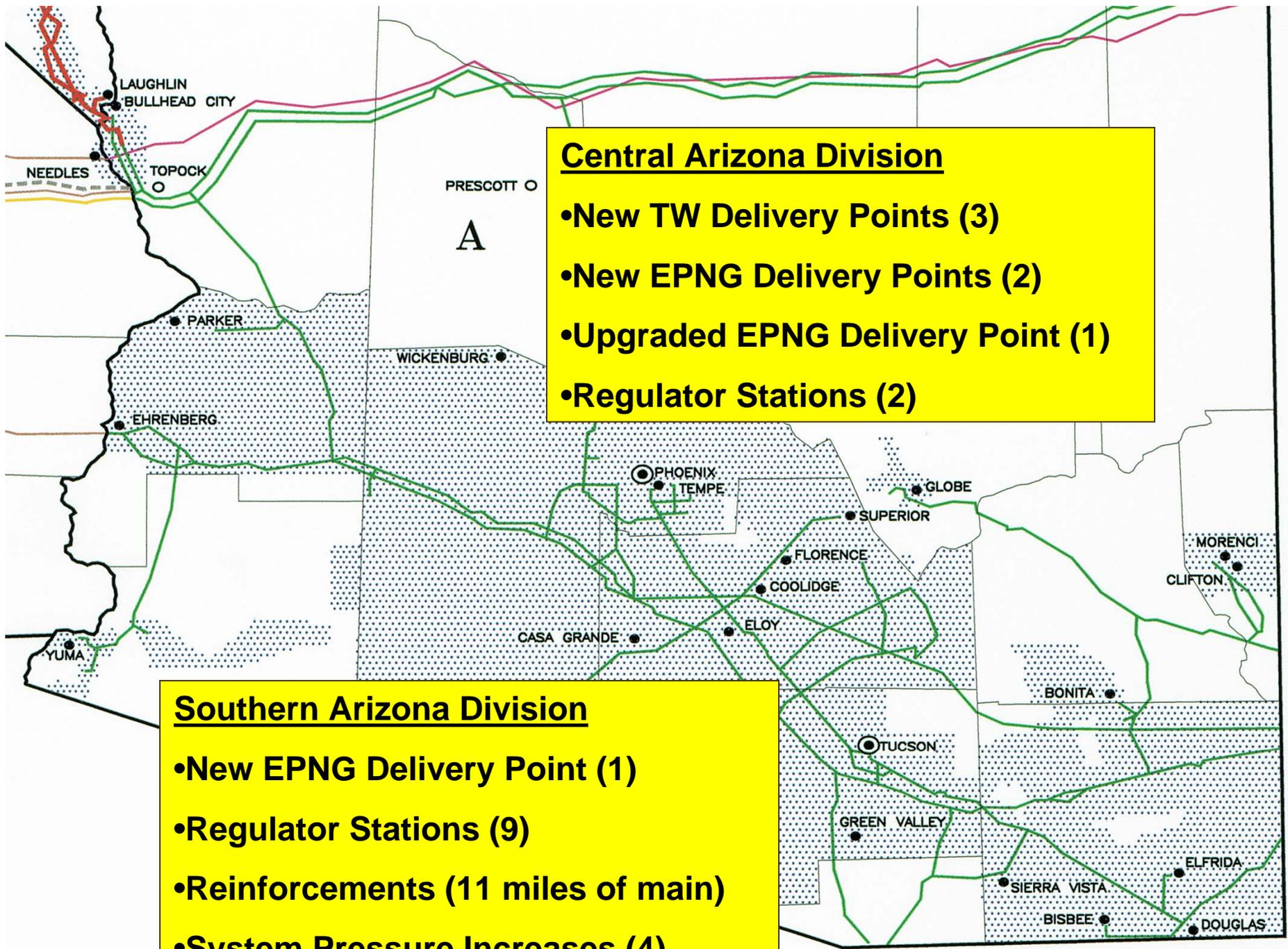




Systems Analysis

- **Upstream Supply**
 - **Transwestern & El Paso Natural Gas**
- **High Pressure Systems**
- **Distribution Systems**
- **Regulation and Metering Stations**





Central Arizona Division

- New TW Delivery Points (3)
- New EPNG Delivery Points (2)
- Upgraded EPNG Delivery Point (1)
- Regulator Stations (2)

Southern Arizona Division

- New EPNG Delivery Point (1)
- Regulator Stations (9)
- Reinforcements (11 miles of main)
- System Pressure Increases (4)

Real Time Adjustments

- **Pressure Monitoring**
- **Weather Forecasts**
- **Optimization**



Coordination with Partners

- **Upstream Pipeline Operators**
- **Emergency Responders**
- **ACC**
 - **Pipeline Safety**
 - **Consumer Section**



Customer Support

- **Office Preparation**
- **Technology Improvements**



2009-2010 Portfolio Summary

- **Interstate Capacity**
- **Supply Portfolio Structure**
- **Market Pricing Trends**
- **Customer Rates**

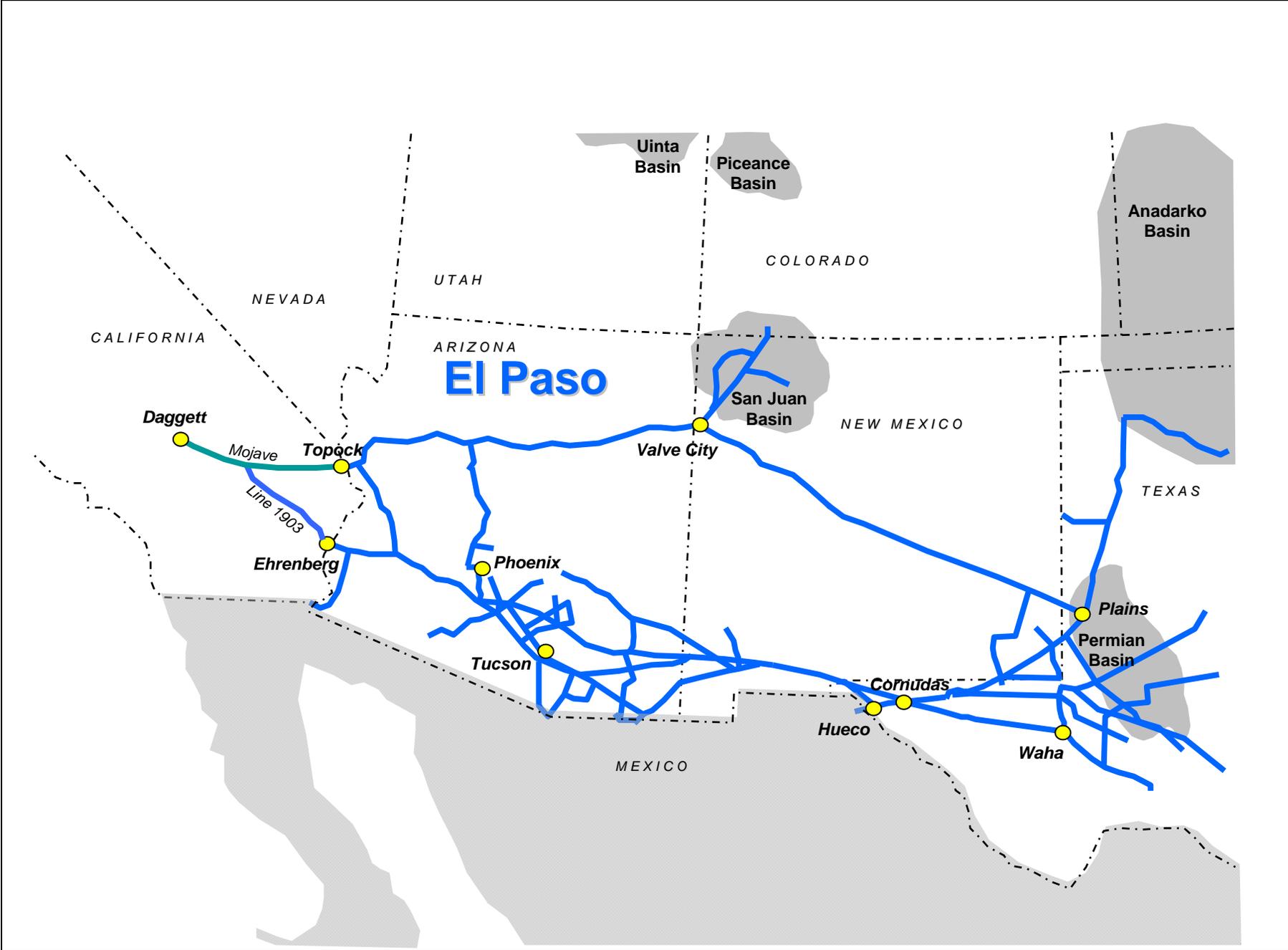


2009-2010 Portfolio Summary

-continued-

- **Interstate Capacity**
 - **El Paso**
 - ❖ **724,000 dth/day January peak capacity**
 - ❖ **26 nomination D-codes**



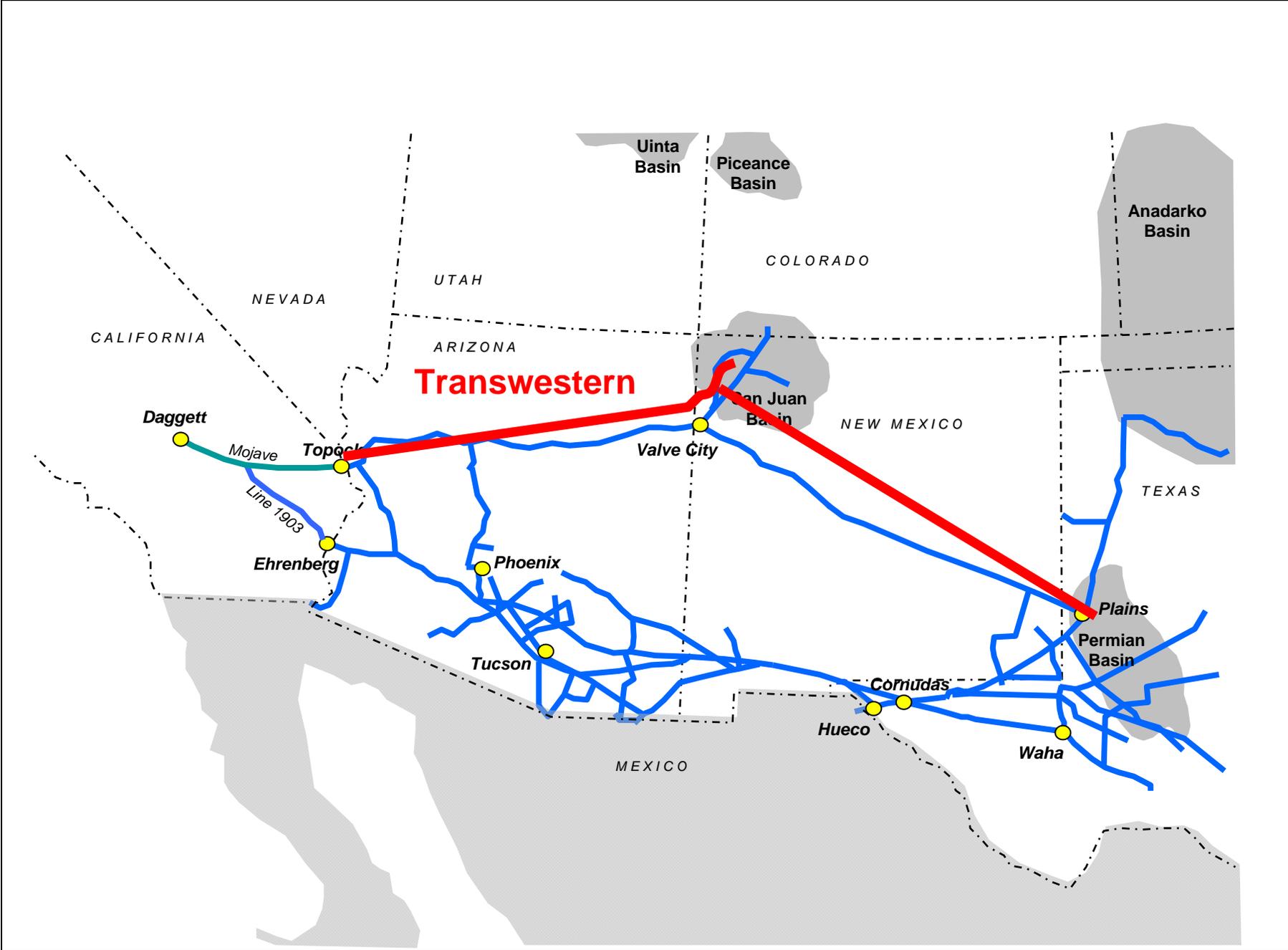


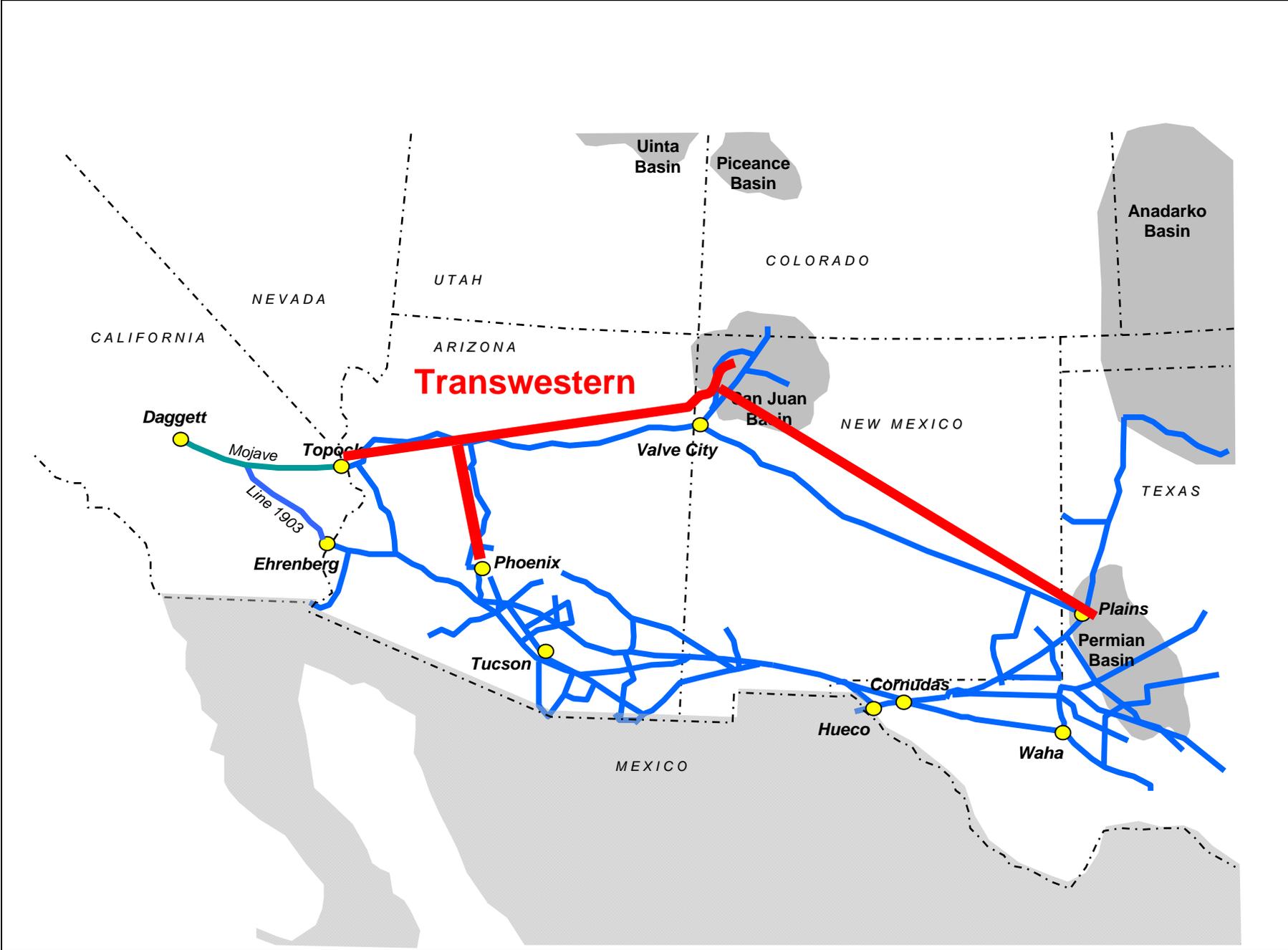
2009-2010 Portfolio Summary

-continued-

- **Interstate Capacity**
 - **El Paso**
 - ❖ 724,000 dth/day January peak capacity
 - ❖ 26 nomination D-codes
 - **Transwestern**
 - ❖ Southwest deliveries begin November 1
 - ❖ 75,000 dth/day winter capacity







2009-2010 Portfolio Summary

-continued-

- **Interstate Capacity**
 - **El Paso**
 - ❖ 724,000 dth/day January peak capacity
 - ❖ 26 nomination D-codes
 - ❖ FERC rate case proceeding
 - **Transwestern**
 - ❖ Southwest winter deliveries begin November 1
 - ❖ 75,000 dth/day winter capacity
 - **Analyzing potential increased deliveries**



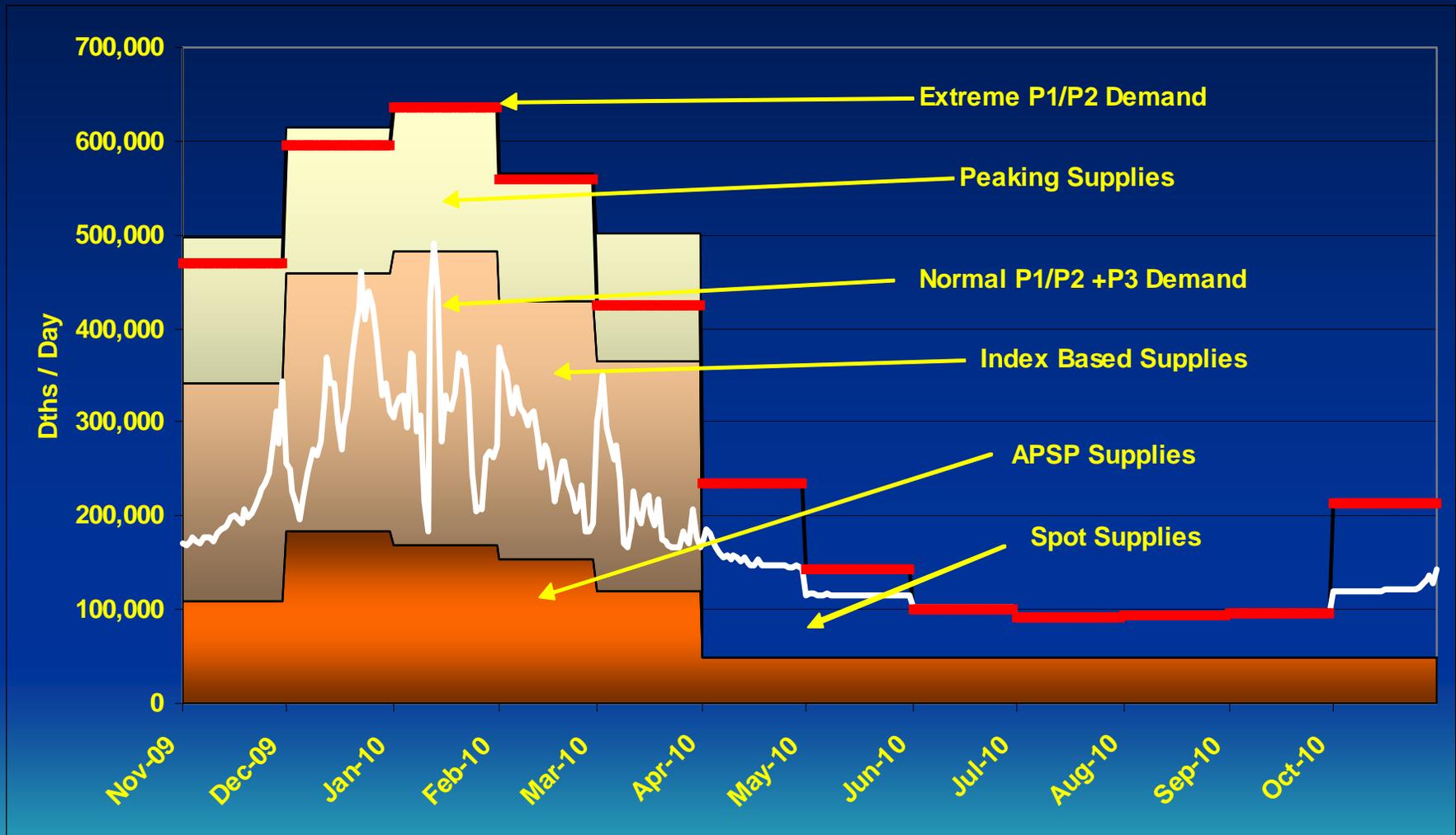
2009-2010 Portfolio Summary

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- **Portfolio Supply Structure**
 - Firm contracts for both capacity and gas supply to meet design peak day
 - 50% of normal load purchased at fixed price
 - ❖ Purchased 6 to 18 months in advance
 - ❖ Go to market every 4 to 6 weeks
 - Remainder is firm market index contracts
 - **2009/2010 portfolio complete**



Portfolio Profile



Market Pricing Trends

- **Unprecedented high prices in July 2008**
- **Dramatic reduction in prices since**
- **Futures market down**



NYMEX Natural Gas Futures for January 2010



San Juan First of the Month Index

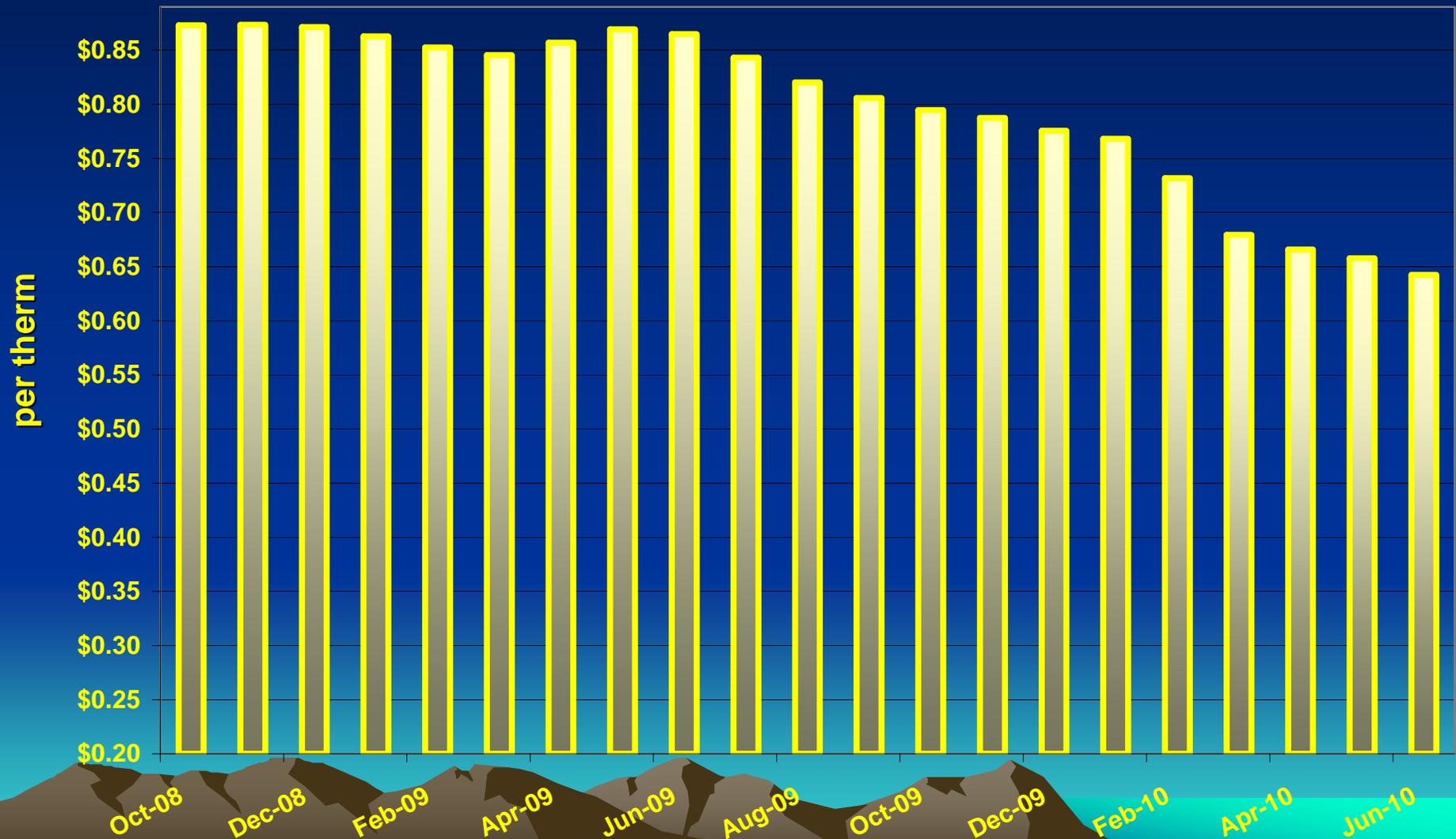


Arizona Price Stability Program

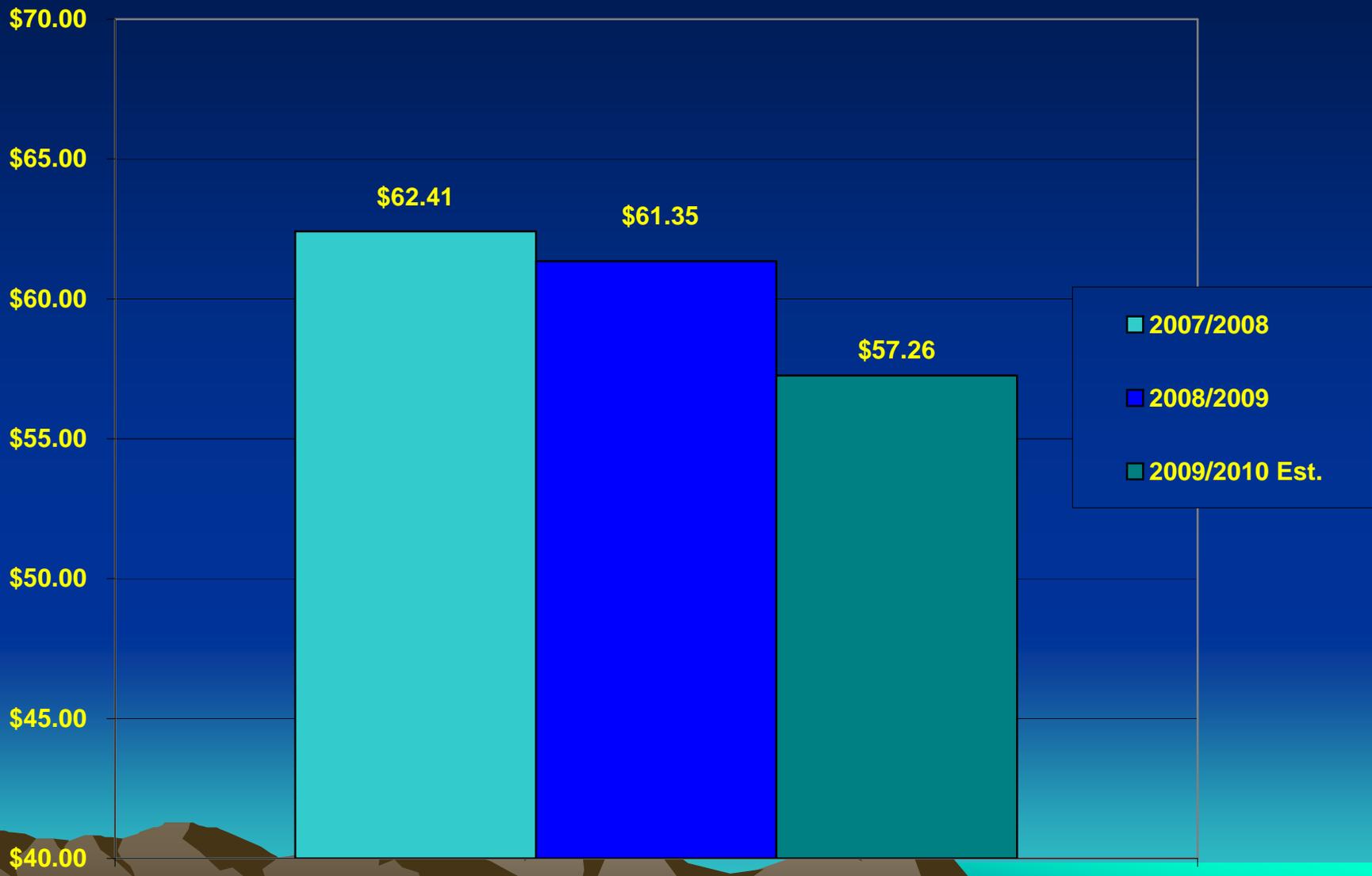
	2006/2007	2007/2008	2008/2009	2009/2010
Winter (\$/Dth)	8.49	8.24	8.78	6.53
2009/2010 Winter Strip (approximate)				5.40



Monthly Gas Cost Rate



Average Winter Bill



AZ Residential Bill Winter Average (November - April)



Questions

