



ENERGY TRANSFER

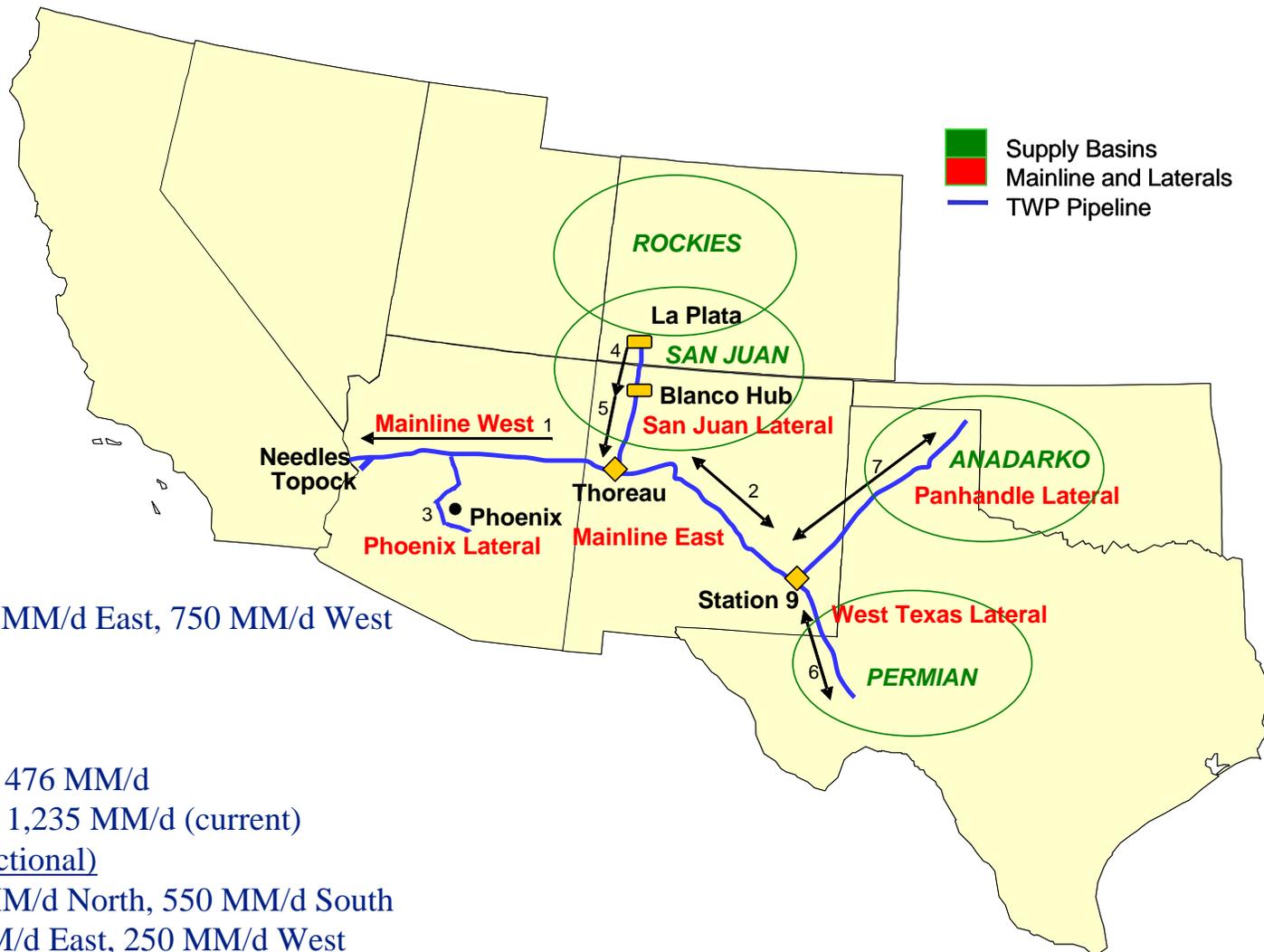
# Transwestern Pipeline Company

A Leader in the Transportation of America's Natural Gas

## *ACC Winter Preparedness Meeting October 2009*

Shelley Corman – Sr. Vice President, Commercial & Regulatory  
Jerry Graves – Director, Gas Control

# Transwestern Pipeline System



## Mainline

1. West 1,225 MM/d
2. Bi-directional 725 MM/d East, 750 MM/d West

## Phoenix Lateral

3. 500 MM/d

## San Juan Lateral

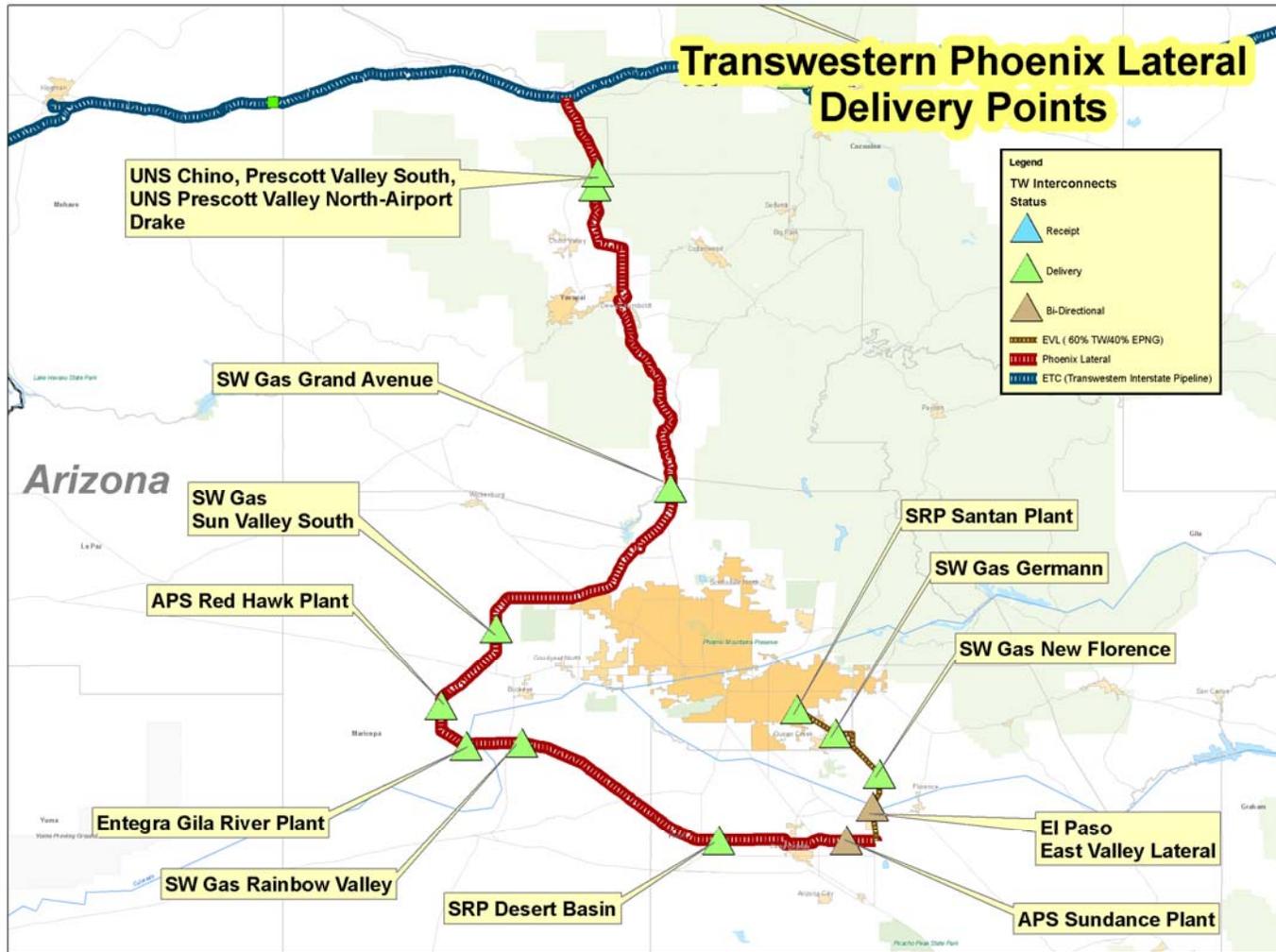
4. La Plata to Blanco 476 MM/d
5. Blanco to Thoreau 1,235 MM/d (current)

## East Laterals (Bi-directional)

6. West Texas 585 MM/d North, 550 MM/d South
7. Panhandle 273 MM/d East, 250 MM/d West



# Phoenix Lateral



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# Phoenix Expansion Project

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- Project segments:
  - Phoenix Lateral – 260 miles (95 miles of 42” +164 miles of 36”), with capacity of 500,000 MMcf/d, in-service March 2009.
  - San Juan Loop - 25 miles of 36” pipeline looping on the San Juan lateral, added 375,000 MMcf/d Blanco to Thoreau capacity, in-service July 2008.
  - Santan Lateral Ownership Interest. TW & EPNG joint owners (EPNG is operator), serving deliveries to SWGas & SRP.
- Total project cost of \$958 million
  - Resulting tariff rate = \$1.0282/Dth
  - Contracted under primarily 15-year contracts at \$0.55 reservation charge.
- 74% of capacity committed on year-round basis.
- Shippers: Southwest Gas, Arizona Public Service, Salt River Project, Unisource and Gila River.



# Phoenix Project – Agency Cooperation

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- In addition to the FERC regulations and construction Order issued for its Phoenix Expansion Project, TW consulted with other Federal, state, tribal, and local regulatory agencies and received permits when applicable, including, but not limited to, from the following agencies:
  - United States Department of Transportation Pipeline and Hazardous Material Safety Administration, Office of Pipeline Safety
  - United States Environmental Protection Agency
  - United States Army Corps of Engineers
  - United States Department of Interior, The United States Fish and Wildlife Service
  - United States Department of the Interior, Bureau of Land Management
  - United States Department of the Interior, Bureau of Reclamation
  - United States Department of the Interior, Bureau of Indian Affairs
  - United States Department of Agriculture, Forest Service, Prescott National Forest
  - United States Department of Agriculture, Forest Service, Kaibab National Forest
  - Navajo Nation
  - Arizona State Land Department
  - Arizona Game and Fish Department
  - Arizona State Historical Preservation Office
  - Arizona Department of Environmental Quality
  - Arizona Department of Water Resources
  - New Mexico Department of Cultural Affairs
  - New Mexico Department of Game and Fish
  - New Mexico State Lands Office



# Phoenix Project - Environmental

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- Successfully placed 42” pipe across the Verde River near Chino Valley AZ. Biologists constructed a special screen to clear debris & capture fish – more than 300 fish were caught & released
- At least 45 large saguaros, some standing at least 30 feet tall, were rescued in the area of Moore’s Gulf, south of Black Canyon City. This voluntary effort was paid for by TW in coordination with the BLM in AZ. Additionally, ~ 900 smaller cacti were salvaged & relocated
- Significant amounts of cultural resource work initially identified ~ 226 sites eligible for the National Register of Historic Places. Out of those, 66 required the most extensive phase of archaeology – data recovery
- Disruption minimized – over 85% of existing right of way used
- Horizontal Directional Drilling (HDD), a trenchless installation process where pipe is installed beneath obstacles or sensitive areas, used to minimize impact. Project included 2.5 miles of 36” HDD in six areas – the longest being 4,000 feet across the Gila River



# Status of SWGas Delivery Points

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- On Phoenix Lateral:
  - Grand Avenue – TW work done, SWGas expected to complete their construction by Nov 1, 2009
  - Sun Valley South – In-service
  - Rainbow Valley – TW work done, SWGas expected to complete their construction activities by Nov 1, 2009
- On East Valley Lateral:
  - New Florence – In-service
  - Germann – TW work done, SWGas is expected to complete their construction activities by Nov 1, 2009



## Current Tariff Rates (Rates per MMBtu Including Surcharges)

System Segment	Firm Transportation Reservation	Firm Transportation Commodity	Interruptible Transportation	Fuel
West of Thoreau - California	\$0.2259	\$0.0089	\$0.2348	1.05%
West of Thoreau - East of California	\$0.1909	\$0.0089	\$0.1998	0.95%
Phoenix Lateral	\$0.6973	\$0.0000	\$0.6973	0.10%
East of Thoreau	\$0.1500	\$0.0118	\$0.1618	1.35%
San Juan - Blanco to Thoreau	\$0.1400	\$0.0022	\$0.1422	1.50%
San Juan - Ignacio to Blanco	\$0.1400	\$0.0022	\$0.1422	0.45%

- Rates are additive. For example, the tariff reservation rate for transportation from San Juan to Phoenix is \$1.0282 (\$0.14+\$0.6973+\$0.1909)
- Shippers pay for the segments they utilize pursuant to their contract path and scheduled volumes.



# Phoenix Lateral Capacity Subscription

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	Winter Average Nov-Mar (MM/d)	Summer Average Apr-Oct (MM/d)
SRP	80,000	200,000
APS	124,000	169,000
SWGAs	75,000	1,000
UNS	22,000	6,000
Gila River	0	43,000
Available	220,000	87,000



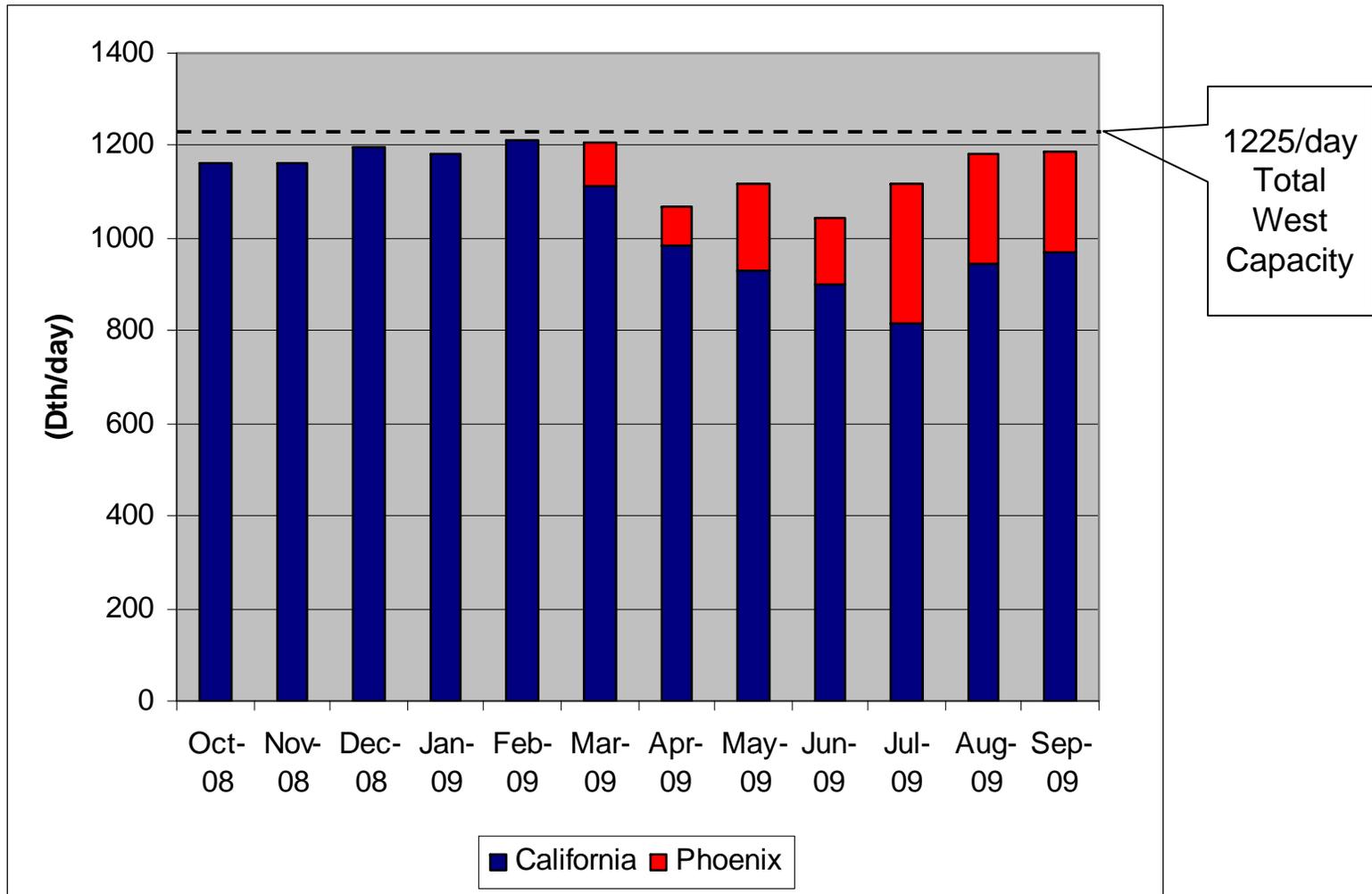
# Phoenix Expansion Service Structure

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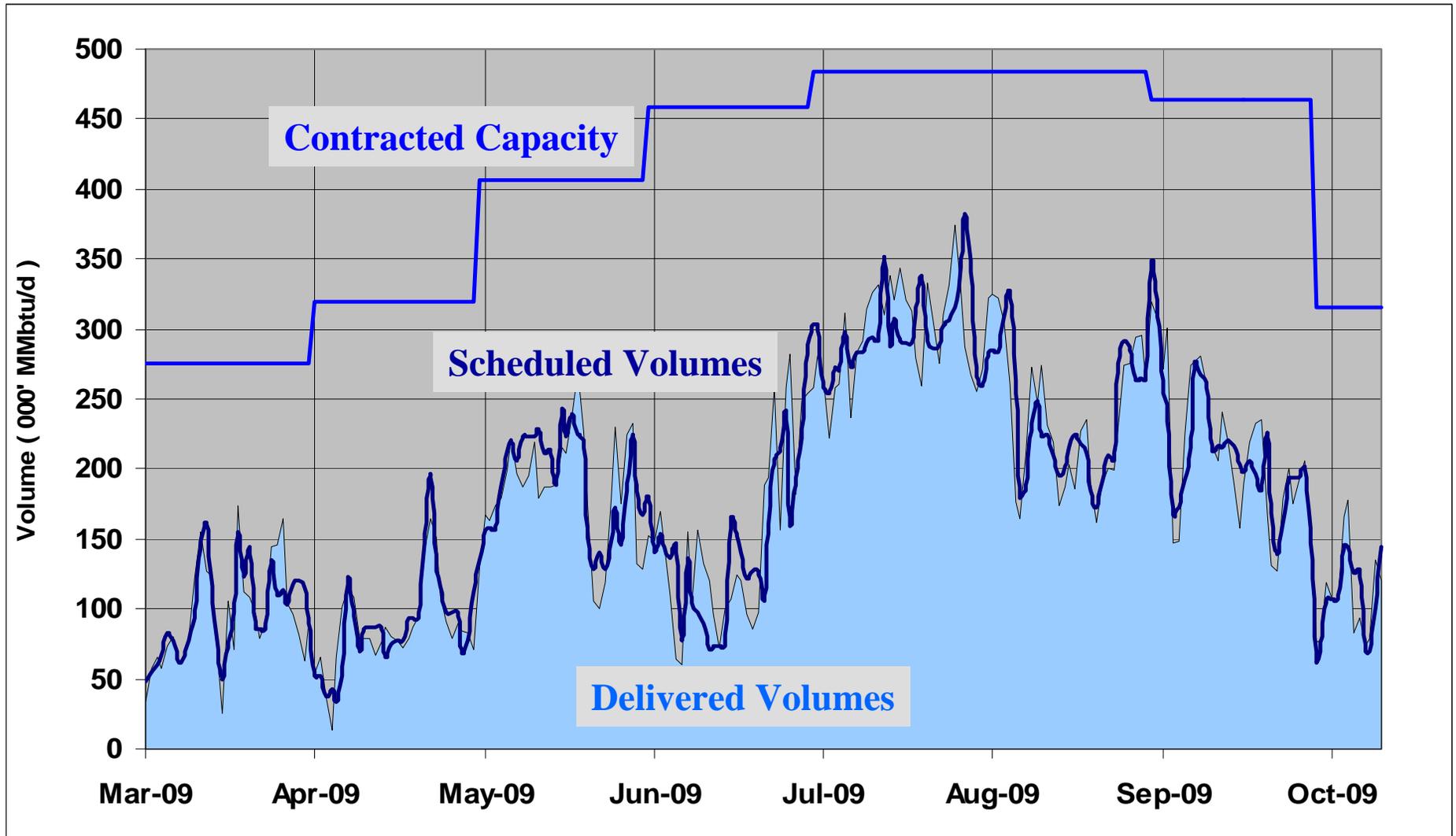
- FTS-5 Service:
  - Designed on 16 hour gas day
  - Monthly balancing, no fees for hourly over/under pulls
  - Guaranteed pressure commitment
- Access to San Juan, Rockies & Permian supplies
  - Ability to specify 100% from San Juan
  - Can change primary receipts/deliveries at any time
  - Can use alternate points systemwide
- Capacity release
  - Provides shippers with the opportunity to resell their capacity when they don't need it



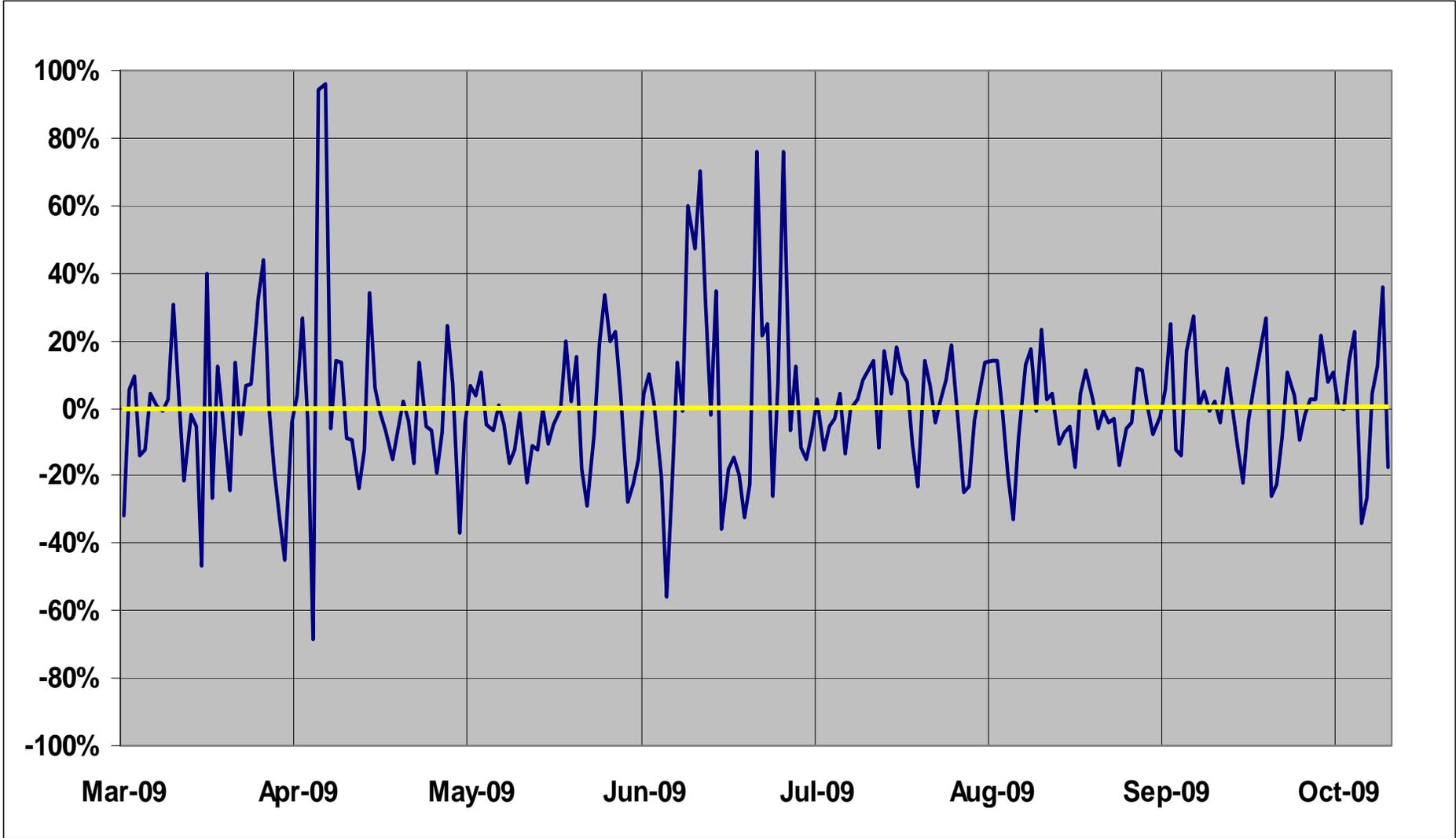
# Mainline West Scheduled Volumes



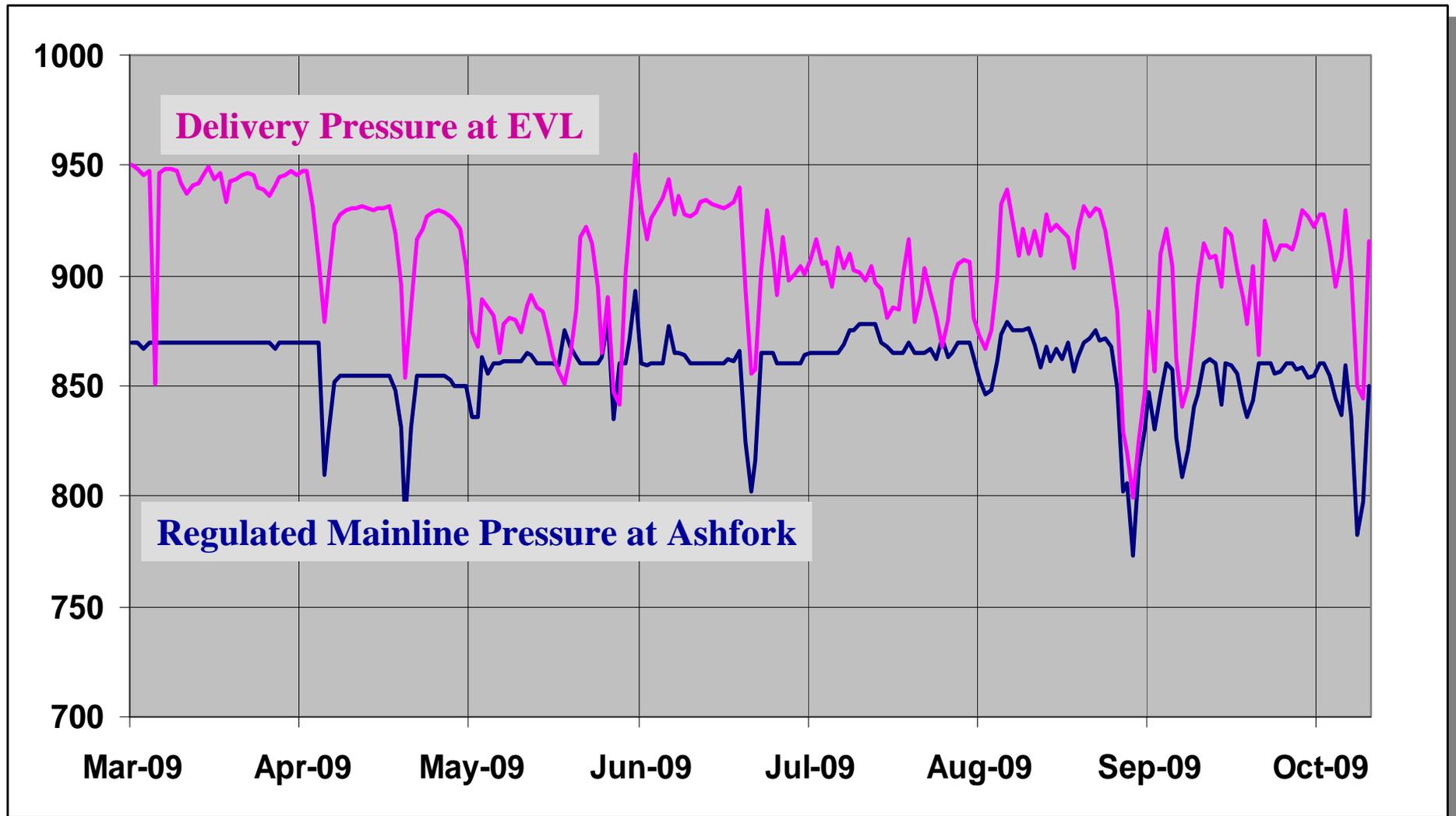
# Phoenix Lateral Scheduled vs. Actual Volumes



# Phoenix Lateral Delivered Variance to Scheduled Volumes



# Phoenix Lateral Pressure Profile



# Continuing Efforts

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- Shippers learning curve
  - Getting used to TW systems/business practices
  - Taking advantage of point flexibilities & capacity release
- TW learning curve
  - Shipper load profiles
  - Managing swings
  - East Valley Lateral (Santan) line operations – coordination with EPNG
- Interconnects
  - Coordination of in-service at some delivery points
  - Connect additional plants/LDC points that don't currently have access to TW



# Phoenix Lateral

