TRANSWESTERN PIPELINE COMPANY

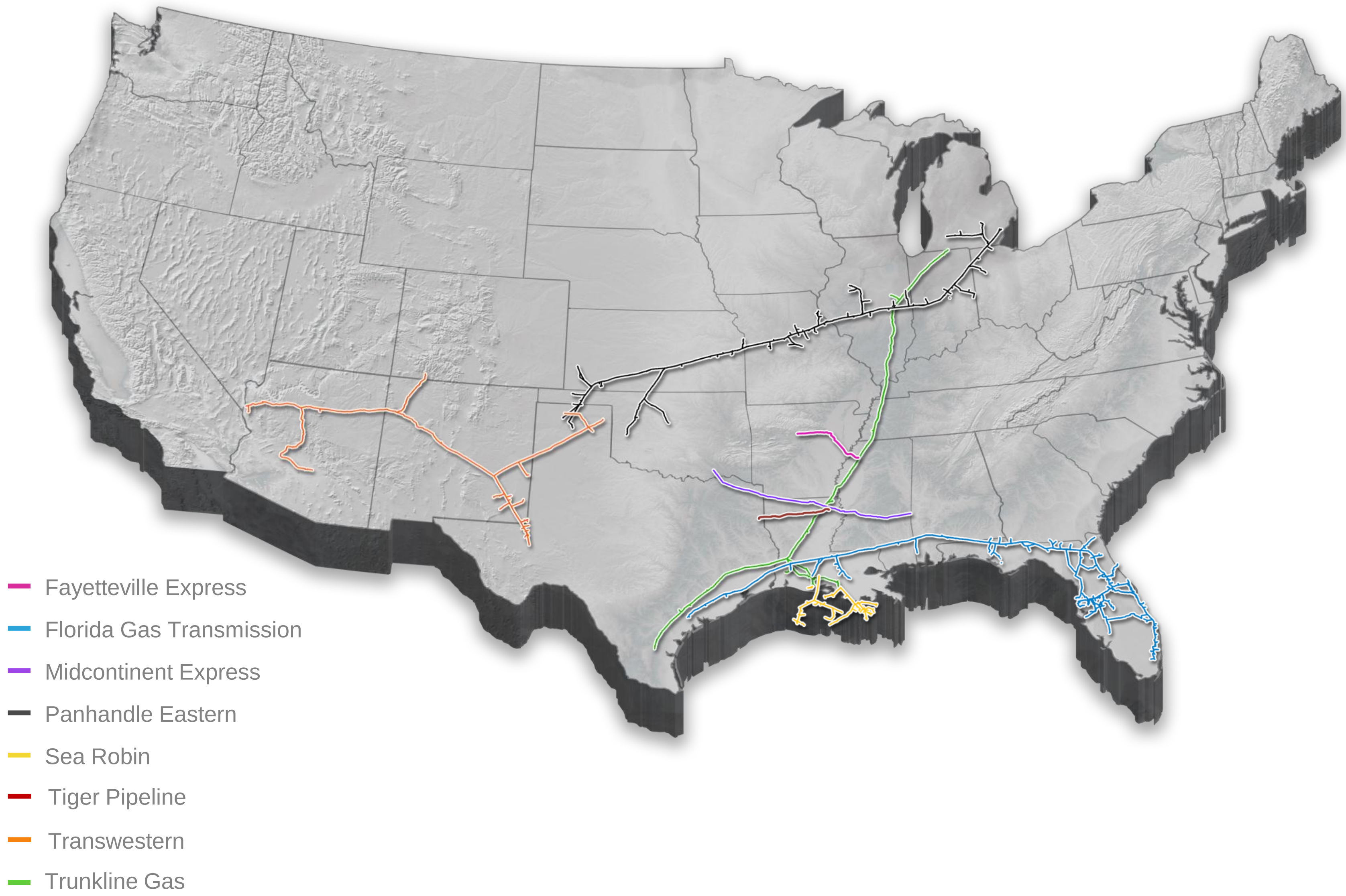
Winter Preparedness Update

Arizona Corporation Commission

October 22, 2013

ENERGY TRANSFER

ENERGY TRANSFER INTERSTATE PIPELINES



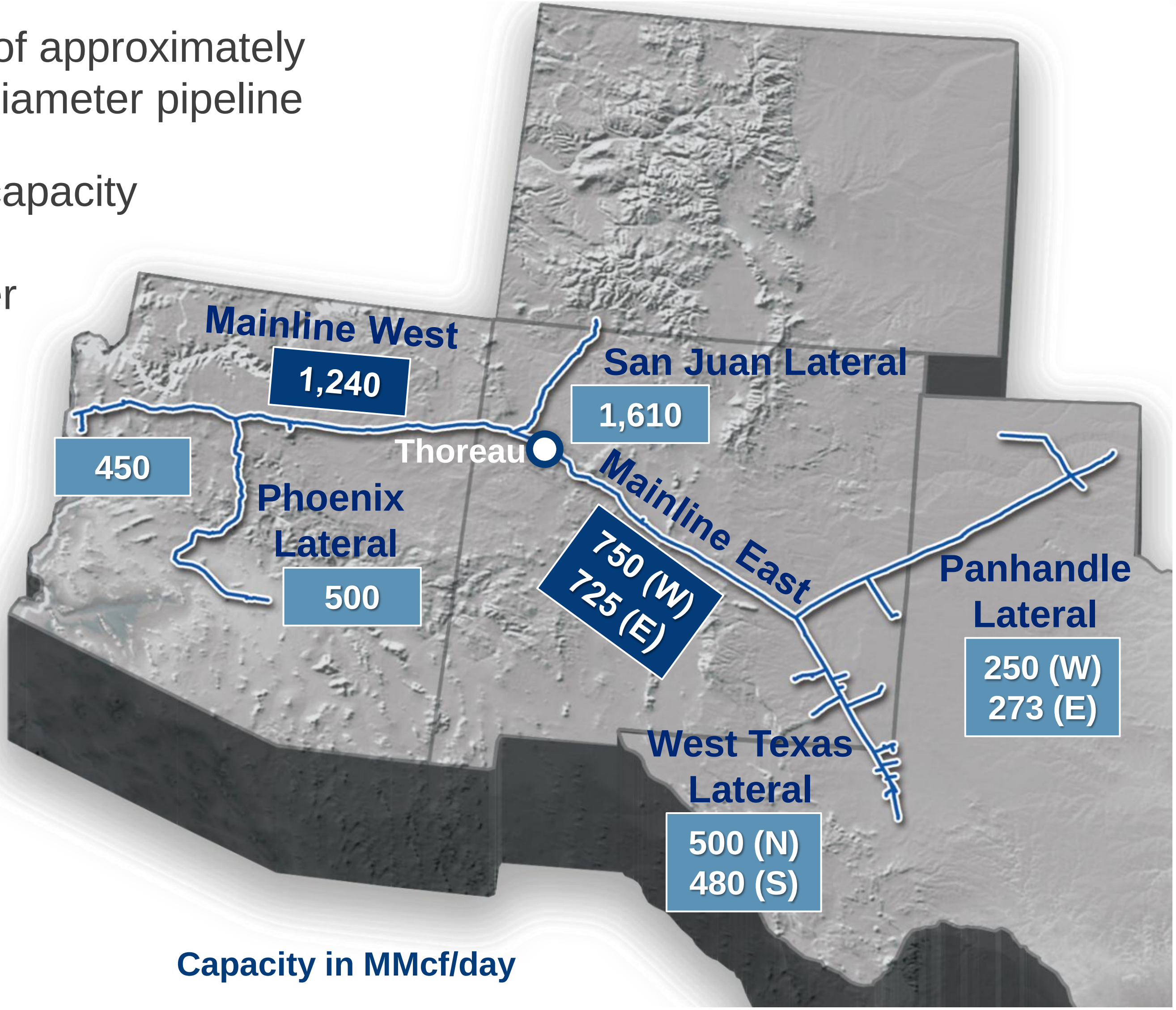
TRANSWESTERN PIPELINE SYSTEM OVERVIEW

The system consists of approximately 2,600 miles of large diameter pipeline

~ 2.0 Bcf/d delivery capacity

~ 344,000 horsepower

245 delivery points



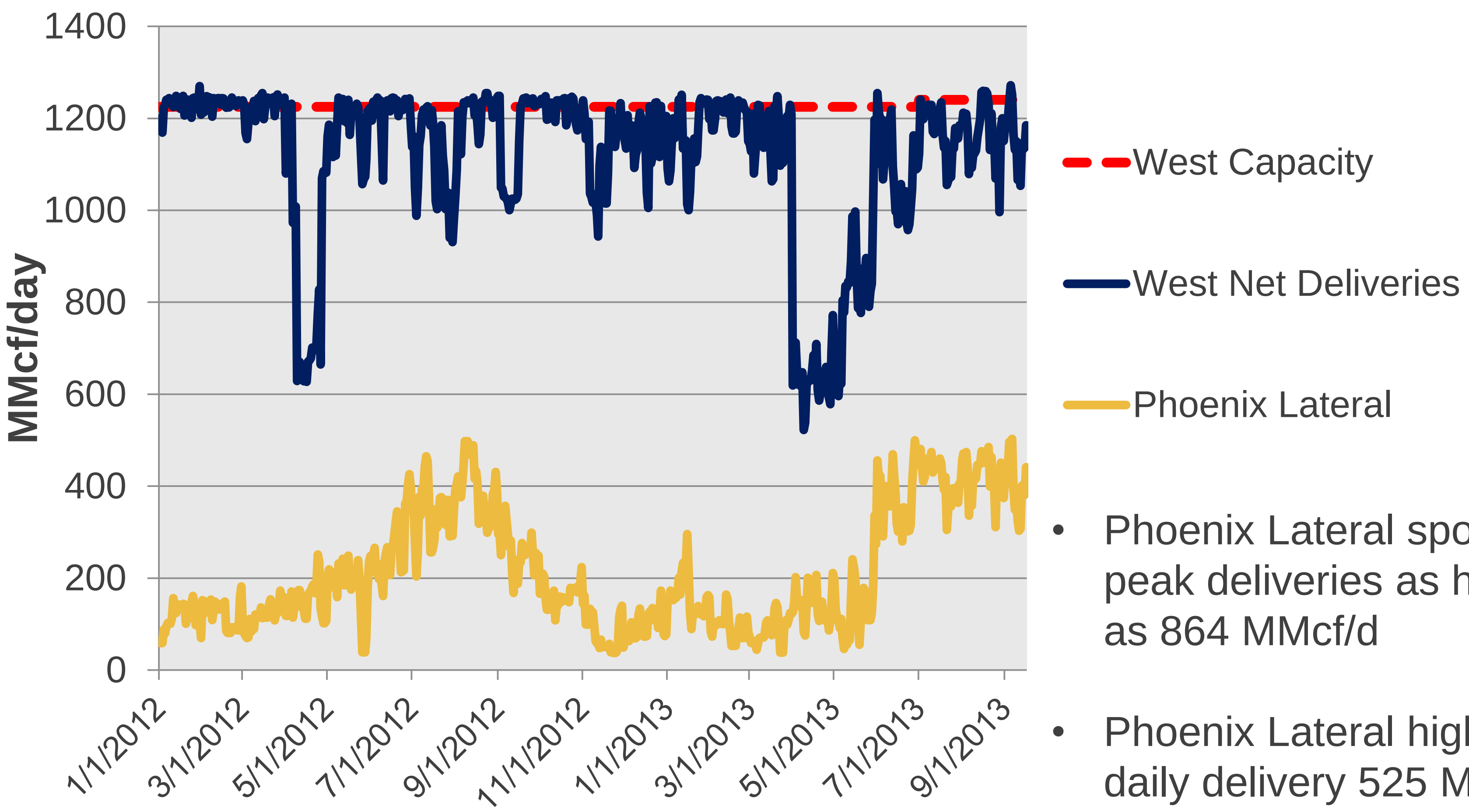
Capacity in MMcf/day

FALL MAINTENANCE

- **Semi-Annual Maintenance**
  - Compressor Stations 1, 2, 3 & 4.
  - Gas Days October 7, 2013 – October 16, 2013 (9 days)
  - Anticipated early completion due to SoCal Maintenance
  - Completed with no interruption of flows

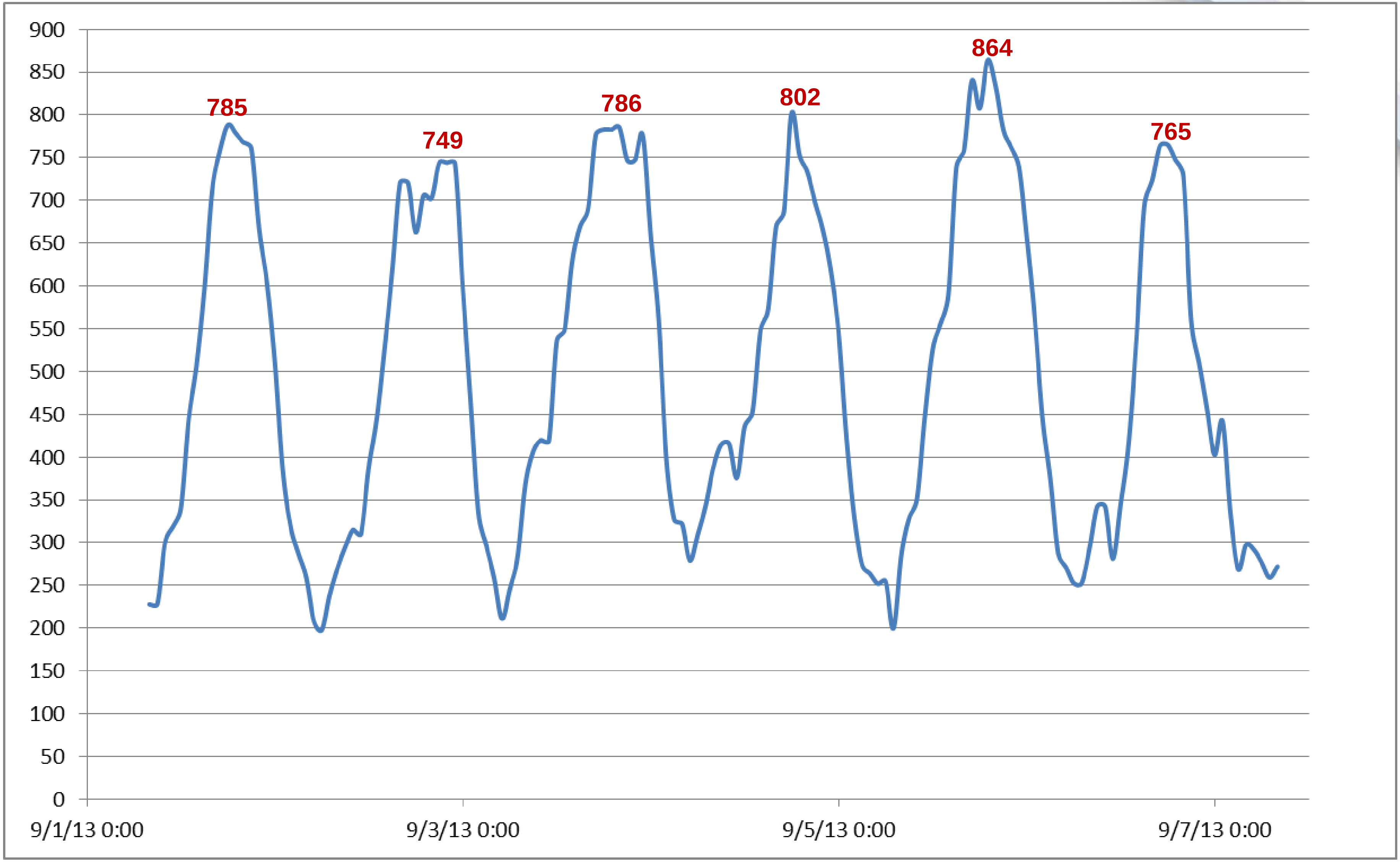
- **Phoenix Lateral**
  - Phoenix Lateral Cleaning, Ash Fork to MP95
  - Gas Days August 20, 2013 – August 21, 2013 (2 days)
  - No Phoenix Capacity reduction required

WEST DELIVERIES CONTINUE TO RUN FULL…WITH MAXIMUM SUMMER DELIVERIES TO PHOENIX



- Phoenix Lateral spot peak deliveries as high as 864 MMcf/d
- Phoenix Lateral highest daily delivery 525 MMcf/d

PHOENIX PEAK FLOW EXAMPLES
SEPT. 1-7, 2013



TRANSWESTERN CAPACITY

Mainline West Available capacity (MDt/d) 1/

	2013	2014	2015	2016
July	--	245	245	285
November	100	329	329	329

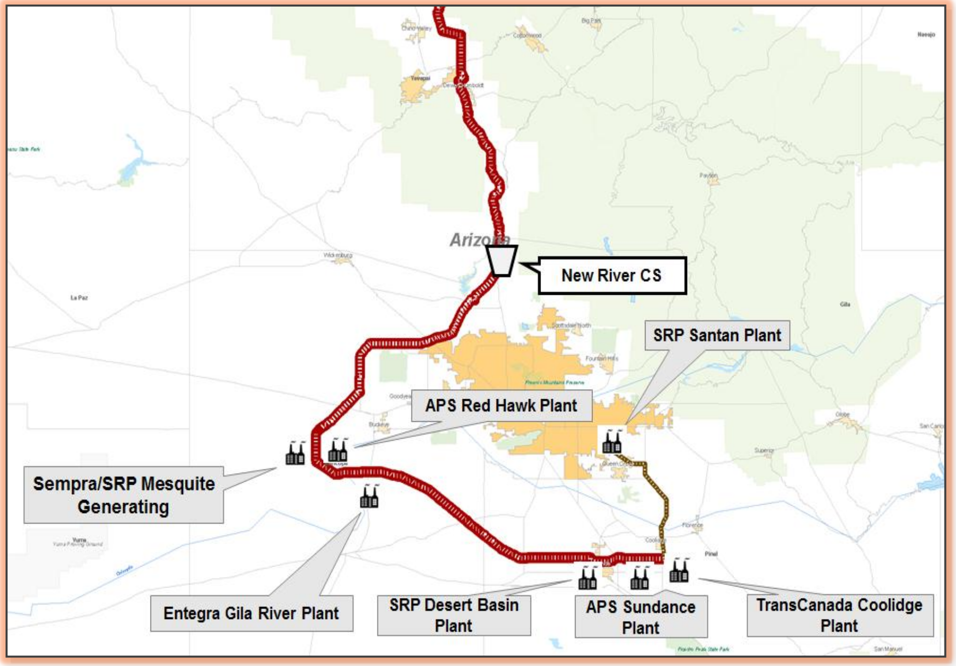
1/ Includes capacity subject to Right of First Refusal

Phoenix Lateral Available capacity (MDt/d) 1/

	2013	2014	2015	2016
July	--	--	--	--
November	208	208	208	208

1/ Includes capacity subject to Right of First Refusal

TRANSWESTERN – PHOENIX COMPRESSION EXPANSION

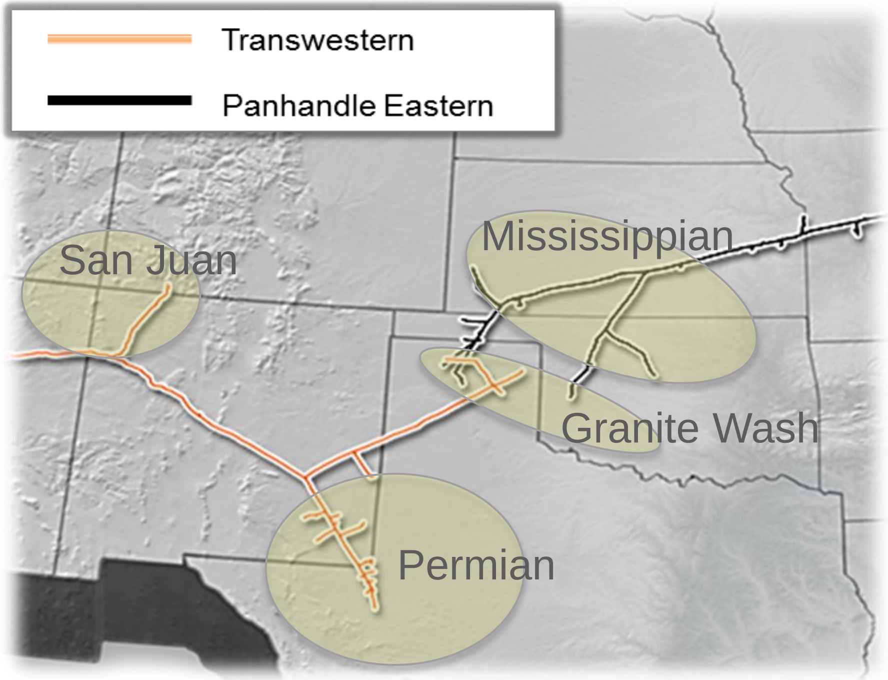


Status:

- Binding Open Season through November 15, 2013
- Pre-arranged shipper determined
- FERC Prior Notice filed
- Air, environmental, land, major equipment finalized

- 12,000 HP of Compression
- 160,000 Dth/d Incremental Capacity (matched with existing mainline capacity)
- Capacity increased from 500,000 Dth/day to 660,000 Dth/d
- Available June 2014
- Future compression expansions ultimately increase total Phx Capacity to 1 Bcf/day or 1.5 Bcf spot rate

SUPPLY GROWTH



- Shale drilling technology is being applied in new and traditional supply basins accessible to the Transwestern system
- Traditional production from the San Juan Basin is currently ~3 Bcf/day, more than enough to fill capacity

<u>Granite Wash</u>

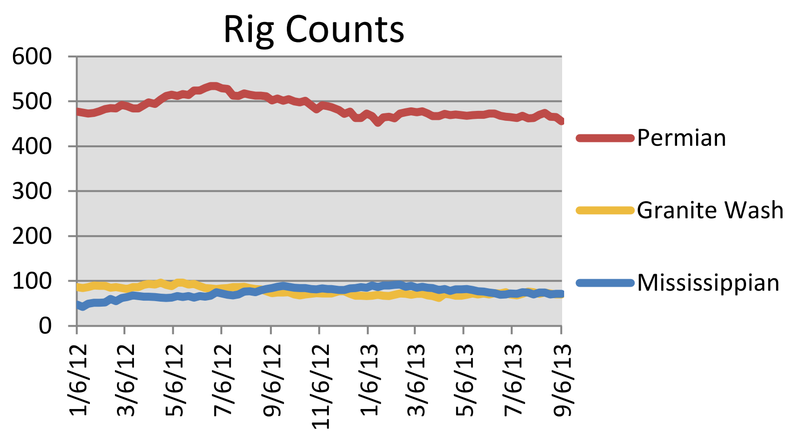
- Liquids-rich; attractive returns

<u>Mississippian Lime</u>

- Mostly oil-focused but high gas ratios
- Low-cost drilling

<u>Permian</u>

- More than 1/4th of the nation's rigs are currently operating in this basin

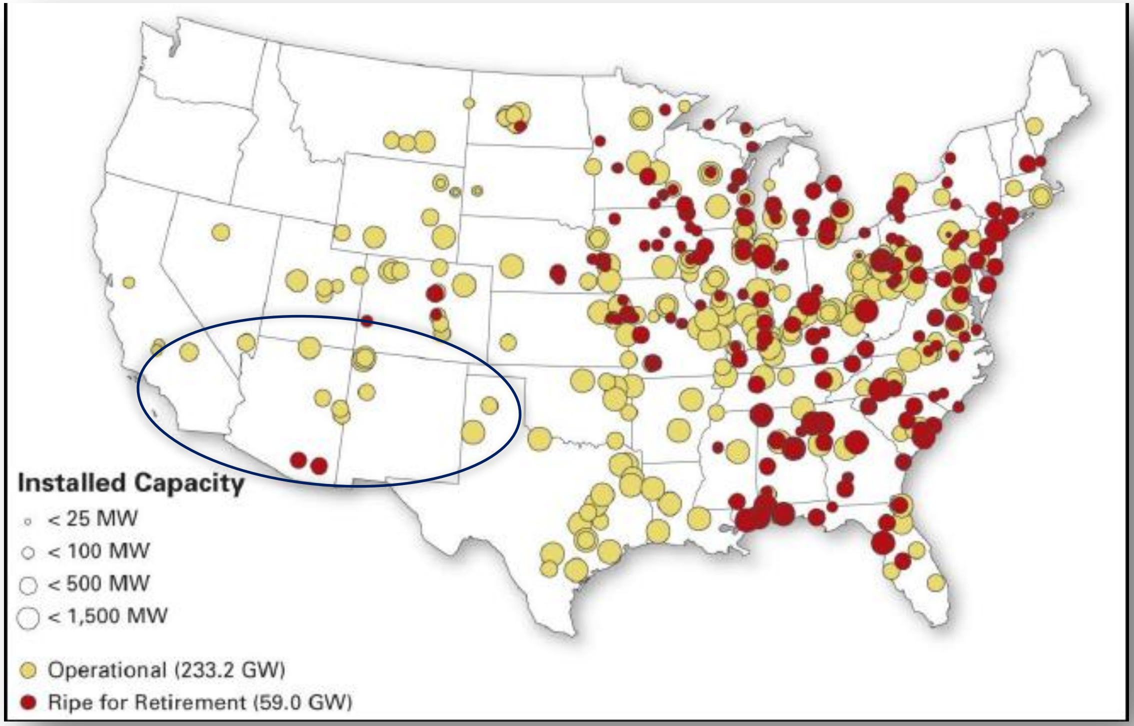


Source: Baker Hughes

DEMAND GROWTH – U.S. POWER PLANTS

Up to 59 GW of U.S. coal plant capacity is "ripe for retirement" (older, low utilization and/or lacking adequate pollution controls) [1/]:

- Many plants are expected to be replaced by natural gas generation
- Retirements expected to ramp up beginning in 2015

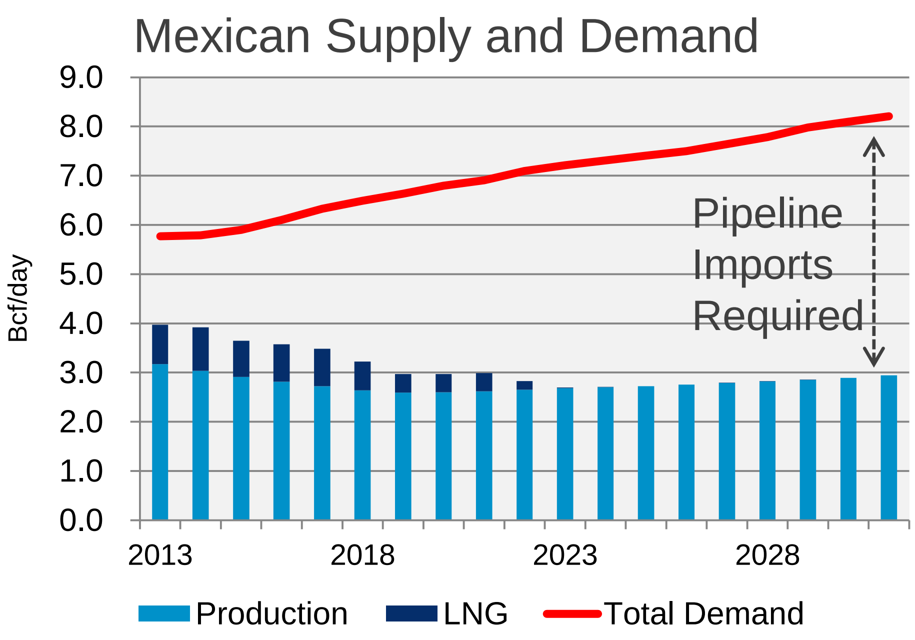


Transwestern's average summer power plant load has increased from < 20 MDt/d in 2006 to over 580 MDt/day today

[1/] Union of Concerned Scientists, *Ripe for Retirement*, 2012

DEMAND GROWTH – EXPORTS TO MEXICO

- Natural gas demand is growing while domestic production is in decline
  - Demand from the power sector has more than doubled in the last decade
  - 27 GW of new gas-fired generation expected by 2030
  - Economic growth is driving increased industrial demand
- The supply shortfall will require pipeline deliveries from the U.S.
  - Pipeline imports are expected to increase from ~ 2 Bcf/day today to over 5 Bcf/day by 2030



Source: Wood Mackenzie

CONCLUSION

- Transwestern has been providing Phoenix with reliable and flexible service
- Fall Maintenance for West of Thoreau segment complete
- Phoenix Lateral Compression Expansion planned
- Market growth in other areas could strain capacity in the future

TRANSWESTERN PIPELINE COMPANY CONTACTS

Steven Hearn

Sr. Director – Marketing & Business Development

713-989-2427

steven.hearn.energytransfer.com

Jerry Graves

Vice President – Gas Control

713-989-2015

jerry.graves@energytransfer.com