

Welcome

1st Annual Shipper Meeting

October 23, 2007



Capacity

**DELIVERING
VALUE**

Reliability • Supply Diversity • Information • Support

General Session

1st Annual Shipper Meeting



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Topics of Discussion

- Review 1st Year Performance
- Operational Changes
- Capacity Issues
- Open Season Update
- Customer Survey Results
- Service Improvement Efforts

This time last year...

- Preparing for Open Access
- Executing over 400 agreements
 - FT, IT, PAL, Capacity Release Contracts
 - Internet Website User Agreements
 - Agency Agreements
- Credit establishment
- Customer Training
- Internal Training

All in preparation for 1st day of operations as CGT

1st Year Performance

- Processed over 25,000 nominations
- Over 1400 nomination cycles
- Transported over 100 BCF
 - Approximately \$750 million of commodity transported by CGT
 - Price volatility could move this +/- \$200 million
 - Customers employed purchasing strategies to meet specific needs and manage price risk
- Awarded approximately 115 Capacity Release transactions
- Issued 4 Operational Flow Orders (OFO)
- Continued EBB enhancements
- Received generally positive feedback

1st Year Performance

Operational Flow Orders



- 4 OFOs Implemented
 - None since February
 - All 4 were Standard OFOs
 - No Emergency OFOs

- All OFOs have been imbalance driven
 - Scheduled receipts < forecasted demand
 - **12/8/06 – OFO for shorts** – Released 12/9/06

 - **1/31/07 – OFO for shorts** – cancelled
 - Many shippers took corrective action and the weather forecast changed, allowing the OFO to be cancelled

 - **2/5/07 – OFO for shorts** – Released 2/6/07

 - **2/14/07 – OFO for shorts** – Released 2/17/07

- All penalty revenue credited to non-offending FT shippers

Probability notices intended for customer benefit to help avoid the issuance of OFOs

- Reduced operating pressures on two 16” lines on South System due to Class Location changes
 - Posted on February 5, 2007
 - Reduced pressure from 857 PSIG in both Lines 1 & 2 to 719 PSIG and 813 PSIG respectively
 - May affect Interruptible and Secondary Firm service
- Zone 2 to Zone 1 Capacity Constraint
 - Limit of 62,000 Dt continues to be in effect until further notice
 - Posted on 10/30/06, updated 9/27/07

Capacity Issues

Throughput picture changing



- Historically, gas throughput peaks in winter
- CGT peak days occurred in winter
 - Heat sensitive load primary driver
 - January was peak throughput month
- Summer throughput increasing significantly
 - August throughput higher than December
 - July thru September 3-month throughput approximately 83% of the December thru February 3-month throughput
 - Power generation primary driver
- Expect the summer/winter gap to continue to narrow

Capacity Issues

CGT Capacity & Peak Day Needs



- CGT operates its system to ensure availability of capacity to meet firm commitments
- CGT current contracted capacity is 611,245 Dt
 - Scheduled increases on November 1 and December 1
- Sum of individual meter peak day volumes exceed 907,000 Dt
 - Reflects approximately 250 separate delivery meters
 - Peak day varies for each meter, but occurs primarily in winter

Potential for up to 300,000 Dt of demonstrated load “at risk” for service interruption

- Individual customers assess their capacity risk

Capacity Issues

IT versus Capacity Release



- Over 5.5 BCF transported via Interruptible Transportation
- CGT retains first \$711K of IT revenue to offset summer mitigation
- 100% of remaining balance is credited to FT shippers
- IT revenue shared pro rata among all FT holders
- Individual FT holders that release capacity receive full credit for their respective releases
- More details on Capacity Release available in Breakout Session

Capacity Issues

Receipt Point Capacity



- Three primary receipt points
 - SNG Aiken
 - Transco Grover
 - Elba/Port Wentworth
- Transco Grover and Elba are fully subscribed
- Increased access will require new facilities or modifications to existing facilities

Open Season Update

- Solicited general market interest
 - Customer growth
 - Supply diversity
 - New markets
- Assessed facilities to meet customer expressions of interest
- In discussions with anchor customers for potential project(s)
- If a viable project is developed, a binding Open Season will occur to ensure all interested parties are included
- More details available in Breakout Session

Customer Survey Results



Overall Satisfaction with CGT 8.07

Overall Satisfaction with EBB 7.38

On scale of 1 to 10

- Approximately 300 surveys sent
- 40 responses received
- Need customer input to measure improvement and prioritize enhancements

Customer Survey Results



- Top 6 highest rated areas
 - Committed to Safe Operations 9.03
 - Environmental Responsibility 8.62
 - Trustworthy employees 8.55
 - Provides the services contracted for 8.45
 - Follows through on customer commitments 8.18
 - Trustworthy management 8.18

- 5 lowest rated areas
 - Ally in helping customers grow business 6.94
 - Responsive to strategic issues 6.97
 - Provides right amount of customer training 7.06
 - Effectively communicates strategic and support issues 7.60
 - Timely resolution of problems 7.70

All on a scale of 1 to 10

If there was one change you would like to see in CGT, what would it be?

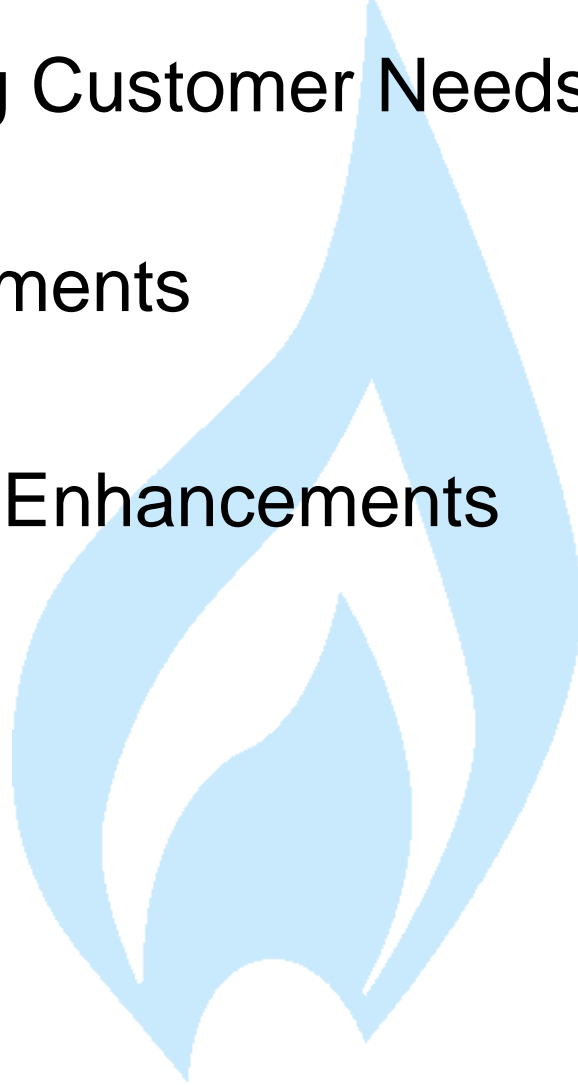
- **EBB Related**
 - Improve speed
 - More frequent measurement updates
 - Real time usage
 - Nominations process (from other comments)

- **Pipeline Operations Related**
 - More system flexibility
 - Bring in Elba gas

- **Customer Related**
 - Be more accessible
 - More social interaction with customers, semi-annual meeting with system status, and future plans

Service Improvement Efforts

- Understanding Customer Needs
- EBB Enhancements
- Measurement Enhancements
- Tariff Filing
- Open Season



Understanding Customer Needs

- Increased Customer Visits
 - FT customers
 - Point operators
 - Marketers & Agents
- Targeted Customer Meetings
 - Municipal Customers
 - Industrial Customers
 - Power generators (future)
- Distributed Customer Survey
 - Measure performance through eyes of the customer
 - Use results to improve service
 - Perform annually to measure progress

EBB Improvements

- 12 releases have occurred
- 207 unique “fixes” or enhancements
- Received 18 suggestions from customers
 - 12 are either completed or planned
 - Remaining 6 being considered for development in 2008
- EBB User Forum being established
- Consider attending inaugural meeting this afternoon from 2 to 4 PM

Planned Measurement Enhancements

- Upgrading Software to streamline audit of measurement data
 - May reduce prior period adjustments
- Upgrading communication devices to enable increased polling frequency at some sites
 - Should increase “freshness” of measurement data
- We continually strive to improve the quality of data in EBB

Tariff Filing

Filing made to improve flexibility to meet customer needs (Effective August 6, 2007)

- Tools to better manage imbalances
 - 5th nomination cycle after gas day (ID2+)
 - Ability to modify PDA up to 48 hours after the gas day
- Ability to reserve capacity for future use
 - Provides flexibility to meet customer growth
 - Helps attract new industrial customers
- Other minor administrative changes
- Breakout session will cover in more detail

Open Season

- Identify customer infrastructure needs
- Seek to improve system flexibility
- Enhance access to cost effective supply

- Increased focus on customer service
- Proactive communications with customers
- Understand customer needs
- Help our customers be as successful as possible
- CGT will grow as our customers grow

Deliver value

- Access to wholesale gas markets via diverse supply points
- Ability to manage supply and commodity price risk to meet individual needs
- Dedicated pipeline capacity to ensure safe, reliable deliveries when needed

Questions?



A Good News Story

Outlook for Southeast Gas Market Demand and Supply
Fundamentals



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